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Arkansas Public Service Commission

1989 Annual Report

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Section 1. History of the Commission

Arkansas Public Service Commission

The Arkansas Public Service Commission (PSC, APSC or Commission) regulates 92 public utilities which provide electric, gas, telecommunication, and water services to Arkansas consumers. These utilities generate annual jurisdictional revenues exceeding $3 billion.

The PSC was created by the General Assembly, which delegated to the Commission the power to regulate the service and rates of those utilities subject to its jurisdiction. The Commission's primary duties are to allow each utility to charge rates which will allow it to earn a fair return on its investment and to likewise ensure that the public does not pay more than necessary to provide a fair return to the utility. The current delegation of legislative authority to the PSC is the product of legislative evolution.

In 1899, acting pursuant to an amendment to Ark. Const. Art. 17, Section 10, the legislature created the Arkansas Railroad Commission. Though relating only to railroads and express companies, the act creating the Railroad Commission charged it with the duty to ensure that rates were just and reasonable. Since then, this has been the cornerstone duty of the PSC. Likewise, the duty to file an annual report originated with the 1899 Act, as did the Commission's obligation to hear complaints from the public about rates.

In 1919, the Arkansas Corporation Commission was created as the successor to the Railroad Commission. Its regulatory powers were extended to services and facilities and its jurisdiction was enlarged to include regulation of telegraph and telephone companies; pipeline companies for the transportation of oil, gas and water; gas companies; electric lighting companies; hydro-electric companies for the generation and transmission of light, heat or power; and water companies, furnishing water. This enlarged jurisdiction was in addition to the transfer of the Corporation Commission's jurisdiction over railroads and express companies. Additionally, the Corporation Commission was given authority over new construction and additions to plant by the requirement that "certificates of convenience and necessity" be obtained for such construction.

In 1921, the Corporation Commission was abolished and the Railroad Commission was recreated. In the process, the Corporation Commission's original jurisdiction over utilities operating within the limits of any municipality was removed and that regulatory jurisdiction was placed with the municipalities.

In 1933, the Arkansas Corporation Commission was reestablished. The Commission was vested with the powers of several other commissions which were abolished, including the Railroad Commission.

A comprehensive 1935 act created the Department of Public Utilities within the Arkansas Corporation Commission. The

Corporation Commission's powers over utilities were transferred to the Department. Since the adoption of this act, regulated utilities have paid an annual fee based on gross earnings to finance the PSC's operations. The 1935 act gave the Department and municipalities concurrent and original jurisdiction over public utilities operating within the limits of a municipality. Municipalities were also authorized to extend service into contiguous rural territory and to set rates for such service subject to the Department's approval.

In 1937, electric cooperatives were exempted from Department jurisdiction in all respects except one. The cooperatives were still required to obtain a certificate of convenience and necessity from the Department before constructing or operating any equipment or facilities for supplying electric service in rural areas.

In 1945, the Arkansas Corporation Commission was renamed the Arkansas Public Service Commission. The new Commission was vested with the authority and powers of the Corporation Commission and the Department of Public Utilities, which were abolished.

In 1951, telephone cooperatives were made subject to PSC regulation to the same extent as telephone companies. Allocated territories for telephone companies were also established by reference to then existing service areas. Similarly, in 1957, the legislature provided explicit protection for territories allocated to electric cooperatives pursuant to a certificate of convenience and necessity.

Also in 1957, the powers and duties of the Arkansas Public Service Commission, with respect to transportation by air, rail, water, carrier pipe lines, and motor carriers, were transferred to the Arkansas Commerce Commission, which in 1971 was renamed the Arkansas Transportation Commission. Since this separation, the PSC's activities have primarily been limited to regulating jurisdictional utilities. That jurisdiction has been subsequently altered at various times by the legislature.

In 1967, the legislature made electric cooperatives subject to PSC regulation in the same manner as public utilities. The legislature also provided for allocation of territories for electric public utilities, just as it had earlier provided allocated territories for electric cooperatives. Twenty years later, in 1987, the legislature reduced PSC jurisdiction over rural electric distribution cooperatives by providing that such cooperatives are not subject to PSC rate case procedures, except under certain circumstances.

In the 1971 reorganization of state government, the Arkansas Public Service Commission was transferred to the Department of Commerce and located in the Division of Utilities and Transportation. The PSC retained its powers, authorities, duties and functions. However, its budgeting, purchasing and related management functions were placed under the supervision of the Director of the Department of Commerce.

In 1977, the General Assembly restored exclusive rate making jurisdiction to the PSC, except for utilities owned or operated by municipalities. A 1985 enactment extended that exception by specifically exempting from PSC regulation the municipal rates and rules for rural electric service. This same act also effectively exempted any municipal service or commodity from any PSC regulation, with the exception of the Commission's authority under a 1971 act to regulate and inspect the natural gas pipeline facilities of municipal gas utilities.

In 1983, the Department of Commerce was abolished. The Arkansas Public Service Commission was restored to its status as an independent state agency authorized to function as it had prior to its 1971 transfer to the Department of Commerce.

In 1987, small water and sewer utilities were removed from PSC jurisdiction. However, in 1988 and 1989 the legislature provided exceptions. Under certain circumstances, the exceptions allow either the customers of the company or the company itself to petition the Commission to exercise regulatory jurisdiction over that particular small water and sewer utility.

Section 2. Agency Organization

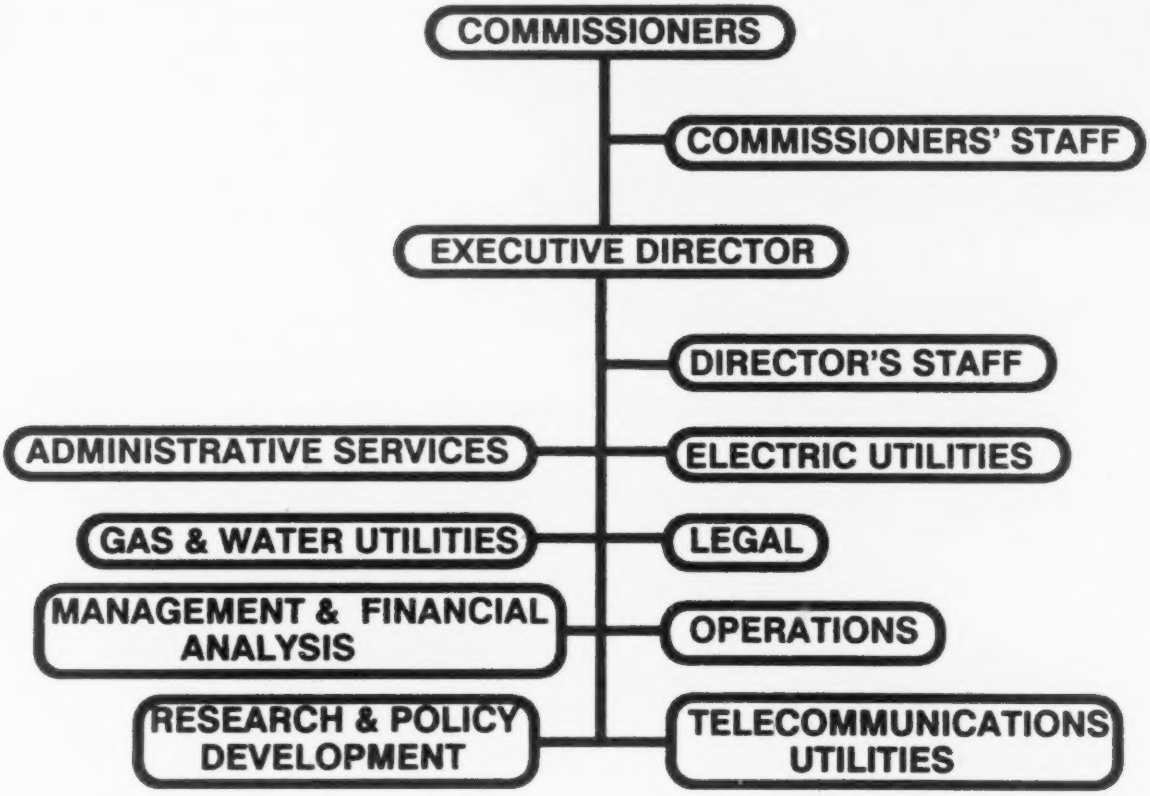
The Arkansas Public Service Commission consists of three Commissioners appointed by the Governor for overlapping six-year terms. There are 167 regular staff positions divided into three Divisions: The Utilities Division, the Assessment Coordination Division, and the Tax Division. This report will be limited to a discussion of Utilities Division activities. The Tax and Assessment Coordination Divisions submit separate Annual Reports.

The Commissioners have oversight responsibility for all three Divisions, but spend a majority of their time dealing with utility issues. The Utilities Division has 114 authorized staff positions, including the Commissoners and their Immediate Staff. A list of staff positions and an organizational chart depicting the reporting lines for each group follows:

Organizational Component	Number of Positions
Commissioners and Immediate Staff	14
PSC Director	4
Administrative Services	16
Legal	12
Research and Policy	11
Electric Utilities	9
Gas and Water Utilities	9
Telecommunication Utilities	9
Management and Financial Analysis	13
Operations	17
TOTAL	114

Section 2. Agency Organization

Arkansas Public Service Commission Utilities Division


COMMISSIONERS
COMMISSIONERS' STAFF
EXECUTIVE DIRECTOR
DIRECTOR'S STAFF
ADMINISTRATIVE SERVICES
ELECTRIC UTILITIES
GAS & WATER UTILITIES
LEGAL
MANAGEMENT & FINANCIAL ANALYSIS
OPERATIONS
RESEARCH & POLICY DEVELOPMENT
TELECOMMUNICATIONS UTILITIES

Section 2. Agency Organization

Commissioners

The Commissioners function as a quasi-legislative, quasi-judicial body. In that capacity, they render decisions and develop orders for implementing those decisions. The decisions cover such issues as rates, tariffs, territories, construction sitings, bond issues, assessment protests in opposition to Tax Division determinations, and equalization of property tax assessments by local Equalization Boards.

Office of the Director

The PSC Director is responsible for the overall management of the Utilities Division. Staff members in this Division perform a wide variety of responsibilities which are accomplished through the eight sections described below.

Administrative Services

Staff members assigned to the Administrative Services Section provide administrative support for the Utilities Division. The Section is comprised of four units - the Fiscal/Personnel Office, the Mail/Supply/Copy Center, the Office of the Secretary of the Commission, and the Data Processing Staff. Responsibilities assigned to each area are outlined below.

Fiscal/Personnel Office. Staff members in this area prepare initial budgets; handle purchasing, accounting, inventory control and payroll; and assist in developing assessments for the PSC's operating budget. This Office is also responsible for administering the Federal Department of Transportation Pipeline Safety Grant.

Maintaining personnel records, screening and processing job applicants, conducting new employee orientation, and coordinating employee training and management classes are other functions performed by this Office.

Mail/Supply/Copy Center. This area handles internal mail distribution, photocopying, and maintenance of the agency vehicle fleet.

Office of the Secretary of the Commission. All documents filed before the Commission and all orders issued by the Commission are processed by this Office. Official Commission records such as docket files, tariffs, and annual reports are also maintained in this area.

Data Processing Staff. The Data Processing Staff maintains computer hardware and software for rate cases, provides administrative and research support, and handles general office automation. New application development, adaptation of data and systems from other computer facilities, and training are other responsibilities assigned to this area. Currently, a Data General MV/10000 computer is used to handle in-house data and word processing. Portable microcomputers are provided for field audits.

Legal

Legal Section attorneys perform a dual function at the Commission. The attorneys represent the Staff in proceedings before the Commission and represent the Commission in matters and proceedings outside the Commission.

In representing the Staff, Legal Section attorneys assist in the identification and development of issues and the preparation of testimony; provide counsel and advice; assist in negotiations; conduct cross-examination and present argument in hearings; and prepare and file briefs, as well as any necessary motions or other pleadings. Additionally, on behalf of the Staff, Legal Section attorneys provide information to representatives of other agencies, regulated utilities and members of the public.

Staff attorneys also represent the Commission in appellate cases, state courts, and proceedings before federal agencies and courts. Other responsibilities performed by attorneys assigned to this Section include interpreting state and federal statutes and regulations affecting the Commission; acting as hearing officers in certain dockets; and conducting legal research as directed by the Commission. Further, Legal Section attorneys provide legal advice and counsel and make recommendations to the Commission regarding proposed legislation and regulations.

Research and Policy

The Research and Policy Section provides technical and research assistance to the Director and the Commissioners in the form of expert testimony or special project analysis. The Section is organized into the following areas:

The Telecommunications Policy Staff monitors significant regulatory and legislative telecommunications events at the national, regional, and state levels. In particular, this unit files testimony or comments at the Federal Communications Commission on major policy issues that could significantly impact Arkansas ratepayers. This unit also files testimony before the Commission when generic policy issues are being formulated.

The Natural Gas Policy Staff monitors significant regulatory and legislative natural gas events at the national, regional, and state levels. In particular, this unit files testimony or comments at the Federal Energy Regulatory Commission on major policy issues that could significantly impact Arkansas ratepayers. This unit also files testimony before the Commission when generic natural gas policy issues are being formulated.

The Electric Policy Staff monitors significant regulatory and legislative events in the electric utility industry occurring at national, regional, and state levels. In particular, this unit files testimony or comments at the Federal Energy Regulatory Commission on major policy issues that could significantly impact Arkansas ratepayers. This unit also files testimony before the Commission when generic electric utility policy issues are being formulated.

Utility Industry Sections

There are three Sections that handle industry specific issues and cases: (1) the Electric Section; (2) the Natural Gas and Water Section; and, (3) the Telecommunications Section. Responsibilities which are common to all three Sections are explained below:

Rate Applications. Upon the filing of a rate application, the respective industry Staff, with participation and assistance from other sections, functions as a rate case team. Each individual team member is assigned issues relating to his or her expertise.

Through extensive review, auditing, and analyses of rate applications, filings, and financial and operational information, the rate case team develops a Staff position and recommends a revenue requirement. Staff's recommendations are presented to the Commission through pre-filed expert testimony. After testimony is filed, Staff and the utility formally present their cases through oral testimony and cross-examination of witnesses during a public hearing.

Tariff Filings. Tariff filings are characterized by specific changes, additions, or deletions to utility rates or services which do not entail a general rate change. These filings do not substantially impact the general body of ratepayers or the revenues received by a utility.

Although much narrower in focus than a rate application, a tariff filing may require extensive analysis and review and always requires the preparation and filing of expert testimony by Staff. If necessary, a public hearing is held with Staff and the utility presenting their cases before the Commission.

Other Significant Filings. The Industry Sections are also responsible for other significant filings. Those include Certificates of Convenience and Necessity, Certificates of Environmental Compatibility and Public Need, Complaints requiring technical or industry expertise, and all generic proceedings. Each proceeding requires an investigation or the filing of testimony by Staff.

Other Responsibilities. In addition to processing the various filings by utilities, the Industry Sections are responsible for monitoring the activities, operations, and earnings of all jurisdictional utilities. During 1989, significant changes occurred in each industry. Competition, deregulation, national policies, the threat of federal preemption, and new technologies all affected utility regulation.

Electric Industry Section

Electric Section responsibilities cover all aspects of utility regulation. Those areas include rate design, accounting, finance, and engineering. Each member of the Section identifies issues, analyzes the impact of those issues on the utility and the ratepayer, and develops and presents expert testimony before the Commission. This group also regularly monitors the activities, operations, and earnings of the four investor-owned and nineteen cooperative electric utilities; conducts investigations; and performs special project analyses.

Electric Staff members analyzed and filed testimony in 15 tariff dockets during 1989. Issues addressed included changes in rate structure; special rate agreements; revisions to fuel adjustment clauses; overall rate reductions; cogeneration deferral rates; and updates to AP&L's Grand Gulf, Tax Adjustment, and Nuclear Decommissioning Riders.

This group reviewed and filed testimony regarding the rate reductions of sixteen distribution cooperatives which were the result of a rate decrease from the wholesale supplier. Also during 1989, Staff members analyzed and filed testimony regarding five applications for Certificates of Convenience and Necessity to construct transmission facilities and one application for a Certificate of Environmental Compatibility and Public Need to add generating facilities.

The Electric Staff developed filing schedules and testified to major revisions of the Minimum Filing Requirements of the Commission's Rules of Practice and Procedure. Another major project involving rules was the analysis of proposed revisions to the General Service Rules and the Special Rules - Electricity.

Finally, in response to competitive pressures in the electric industry and the excess capacity condition of some Arkansas utilities, the Electric Staff considered proposed remedies designed to expand, retain, or acquire electric loads when the action was found to be in the public interest. Special rate contracts including cogeneration deferral, load retention, interruptible rates, economic development, and other competitive rates are examples of remedies proposed by electric utilities and analyzed by the Staff.

Natural Gas and Water Industry Section

The Natural Gas and Water Industry Section includes an audit supervisor, an auditor, and a rate analyst, all under the direction of the Natural Gas and Water Manager. In contrast to the quality of service or consumer information issues addressed by other sections within the Commission, the Natural Gas and Water Staff primarily focuses on financial and rate matters concerning natural gas and water utilities. This Staff must understand and evaluate the complex rate structures and earnings requirements of the six natural gas and two water utilities under the Commission's jurisdiction. With regard to the natural gas utilities, those responsibilities have recently been dramatically complicated and increased due to federal regulation and the resulting introduction of competition.

In response to the competition

prevalent in the natural gas industry, the Natural Gas and Water Staff analyzed and filed testimony recommending specific actions on 124 transportation filings in 1989. Each filing required an evaluation of the economic feasibility of utilizing alternative fuels for industrial and commercial customers.

In addition, competition also increased the supply options available to the natural gas utilities. Because of such opportunities, Staff intensified its oversight of their gas costs and gas purchasing practices.

Finally, the Natural Gas and Water Section was also involved in planning and analyzing major revisions to the Special Rules governing both industries and the Commission's General Service Rules.

Telecommunications Industry Section

The Telecommunications Industry Section processed numerous filings during 1989. Additionally, the Telecommunications Staff continuously interacts with the twenty-eight local exchange carriers, twenty interexchange carriers, and eleven cellular mobile companies under the Commission's jurisdiction. This interaction is necessary to be responsive to a rapidly changing environment which includes the frequent introduction of new services and the impact of federal regulation on Arkansas rates.

The Telecommunications Staff is comprised of two audit supervisors, two auditors and two rate analysts under the direction of the Telecommunications Manager. This Section is responsible for addressing industry specific rate, financial, and accounting matters. During 1989, one hundred-four tariff filings were processed in addition to the other filings for which this group is responsible. The Telecommunications Staff was also involved in planning and organizing major revisions to the Special Rules - Telecommunications, and the Commission's General Service Rules.

Management and Financial Analysis

The Management and Financial Analysis Section handles all financing and capital recovery dockets and participates in all rate case proceedings. Section Staff evaluate utility management effectiveness and operational efficiency; conduct compliance audits on an ongoing basis; continually assess the business and financial risk of utilities; and analyze utility capital recovery rates. The Section is comprised of four functional groups - Management Audits, Compliance Audits, Financial Analysis, and Capital Recovery - and assigned the responsibilities described below.

The Management Audits Staff was established to evaluate the operations and management systems of utility companies. The strengths and weaknesses of utility operations are assessed and opportunities for improvement are identified and recommended. This program is a proactive approach to regulation. It is designed to benefit ratepayers and the utilities by promoting management effectiveness and operational efficiency with the goal of reducing operating costs.

Management audits focus on functions which offer the greatest opportunity for improvement. In the past, those functions have included construction and maintenance; customer services; contracts; purchasing and materials management; fleet management; PSC rules and regulations compliance; and operations management. During 1989, the Management Audits Staff focused on affiliate transactions, customer services, revisions to the Commission's General Service Rules, and utility requests to consolidate certain functions under the public utility holding company structure.

The Compliance Audits Staff investigates utility costs subject to adjustment clauses. Compliance audits ensure that adjustment amounts and their recovery are in compliance with approved company tariffs. The investigations include the following:

- cost of fuel adjustment for the four privately owned electric utilities;
- cost of energy adjustment for the generation and transmission electric cooperative;
- cost of purchased power adjustment for seventeen distribution electric cooperatives.
- cost of debt adjustment for eighteen distribution electric cooperatives;
- cost of gas adjustment for six gas distribution companies;
- cost of pumping adjustment for one water company; and
- municipal franchise tax adjustments for utilities with adjustment clauses.

Compliance audits are performed on a continuous basis. Each of the utilities with automatic adjustment clauses is audited no less often than every twenty-four months. Compliance audits are also performed as needed to ensure that customer refunds are accomplished in accordance with Commission directives.

The Financial Analysis Staff performs various economic and financial analyses, most specifically, the determination of the required rate of return for jurisdictional utilities. Staff members examine utility rate of return requests in the context of general rate case proceedings. In particular, investigations cover appropriate cost of debt, cost of preferred stock, cost of common equity, and capital structure. This unit also evaluates utility financing applications such as sale-leaseback arrangements, debt and equity issuances, acquisitions, and other capital requirement issues.

The Capital Recovery Staff analyzes capital recovery rates proposed by utilities and makes recommendations to the Commission. The Staff addresses capital recovery issues in general rate case proceedings, applications for revisions in depreciation rates, rulemaking dockets, and requests for extraordinary property loss treatment.

This group also continuously reviews the parameters used in determining appropriate depreciation rates. Parameters include the proper service life for all depreciable assets, appropriate depreciation methodologies, projected salvage values for assets upon retirement or disposition, and accumulated depreciation reserve levels. Determination of proper parameters involves extensive statistical analyses of utility financial information, modernization and retirement plans, industry standards, and state and federal regulatory precedents.

Operations

The Operations Section evaluates utility companies' performance to ensure compliance with Commission orders and standards. Those standards are spelled out in the Commission's Special Rules - Telecommunications, Special Rules - Electricity, Special Rules - Gas, Special Rules - Water, Arkansas Gas Pipeline Safety Code, and General Service Rules. Three functional units, which are assigned the responsibilities described below, make up the Operations Section:

The Quality of Service Staff ensures that ratepayers receive safe, adequate, and continuous service as required by the Commission's General Service Rules, Special Rules - Telecommunications, Special Rules - Electricity, and Special Rules - Water. This goal is accomplished through inspections and evaluations of utility facilities and procedures. Consumer complaints are investigated and periodic inspections are performed to ensure compliance with Commission standards. Thirty telephone companies with 400 exchanges, 31 competitive interexchange carriers and cellular providers, 22 electric companies, and 2 water companies are involved. Staff members also participate in rate cases, territory allocation proceedings, and other cases before the Commission which involve quality of service issues.

The Gas Pipeline Safety Staff ensures operator compliance with the Arkansas Gas Pipeline Safety Code and the Special Rules- Gas. Periodic inspections of safety, corrosion, and leakage control are performed on 30 intra-state natural gas operators and 427 master-metered gas systems. This group investigates natural gas related accidents and reviews and evaluates applications for Certificates of Convenience and Necessity. Staff members also develop Arkansas Gas Pipeline Safety Code standards and work closely with the Federal Department of Transportation to ensure that Arkansas requirements comprehend federal regulations.

The Consumer Services Staff handles customer questions and complaints about regulated utilities. Those questions and complaints concern utility rates and service and are brought to Consumer Services in person, by telephone, and by letter.

Consumer Services Staff members review all complaints for compliance with PSC rules and approved utility tariffs and act as liaisons with the utilities in resolving those complaints. In many cases, Staff investigations are required.

Consumer Services personnel are also responsive to requests for information by providing educational material and group presentations. Brochures available through Consumer Services explain customer rights and responsibilities, complaint procedures, public hearings, and rate cases.

Section 3. Types of Proceedings

The Arkansas Public Service Commission regulates public utilities generally within nine different types of proceedings. Additionally, the Commission can investigate various aspects of a utility's activities on its own motion. Each new case that is filed is assigned a number and then becomes a docket.

- Rate Case Dockets involve general changes to a utility's rates.
- Tariff Dockets deal with minor changes in rates, service, and company rules and regulations.
- Certificate Of Convenience And Necessity Dockets (CCN) are applications by a utility for permission to construct or make substantial changes to its utility plant. For example, this includes building transmission lines for electric or natural gas companies. CCN dockets also generally define the scope of a utility's license to operate.
- Certificate Of Environmental Compatibility and Public Need Dockets are similar to CCN dockets but authorize construction of a major utility facility which requires an Environmental Impact Statement.
- Complaint Dockets result when: (1) any entity or person complains in writing to the Commission about an alleged violation of any order, law or regulation which the Commission has jurisdiction to administer; or, (2) when any consumer or prospective consumer complains in writing to the Commission with respect to the service, furnishing of service, or any discrimination with respect to service or rates.
- Capital Recovery Dockets analyze applications filed by the utility companies requesting a change in depreciation rates charged to utility plant investment.
- Financing Dockets deal with applications by utilities to obtain additional financing from sources such as stocks and bonds.
- Rules Dockets consider changes to Commission rules, regulations or procedures.
- Administrative Dockets usually deal with service area boundary changes and customer releases. On occasion, however, generic changes in PSC policy and interpretation of statutes and court rulings are handled in administrative dockets.

Section 4. Orders Issued in 1989

ORDER TYPE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
ELECTRIC	18	19	18	9	22	21	24	22	23	19	15	22	232
GAS	16	3	12	9	7	13	4	12	15	12	7	17	127
TELEPHONE	47	27	55	34	66	48	31	45	37	32	51	65	538
WATER	4	3	0	3	3	1	0	0	2	1	0	3	20
SEWER	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHERS	1	0	0	0	0	1	2	6	2	6	2	5	25
TOTAL	86	52	85	55	98	84	61	85	79	70	75	112	942

TOTAL ORDERS ISSUED FOR THIS PERIOD WAS 942

Section 5. Jurisdictional Utility Companies

During 1989, the Commission carried out its statutory obligation to review and regulate the rates and practices of utility companies.

The 92 utilities under the Commission's jurisdiction in 1989 are listed below:

Investor-Owned Electric Companies	4
Electric Cooperatives	19
Investor-Owned Gas Companies	6
Water Companies	2
Telephone Companies	30
Competitive Interexchange Carriers, Resellers and Cellular Providers	31
TOTAL	92

Investor-Owned Electric Companies

Arkansas Power & Light Company
Empire District Electric Company
Oklahoma Gas & Electric Company
Southwestern Electric Power Company

Electric Cooperatives

Arkansas Electric Cooperative Corporation
Arkansas Valley Electric Cooperative Corporation
Ashley-Chicot Electric Cooperative, Inc.
C & L Electric Cooperative
Carroll Electric Cooperative Corporation
Clay County Electric Cooperative Corporation
Craighead Electric Cooperative Corporation
Farmers Electric Cooperative Corporation
First Electric Cooperative Corporation
Mississippi County Electric Cooperative, Inc.

Section 5. Jurisdictional Utility Companies

Electric Cooperatives (Cont'd)

- North Arkansas Electric Cooperative, Inc.
- Ouachita Electric Cooperative Corporation
- Ozarks Electric Cooperative Corporation
- Petit Jean Electric Cooperative Corporation
- Riceland Electric Cooperative, Inc.
- Rich Mountain Electric Cooperative, Inc.
- South Central Arkansas Electric Cooperative, Inc.
- Southwest Arkansas Electric Cooperative Corporation
- Woodruff Electric Cooperative Corporation

Investor-Owned Gas Companies

- Arkansas Louisiana Gas Company
- Arkansas Oklahoma Gas Corporation
- Arkansas Western Gas Company and its Division, Associated Natural Gas Company
- Louisiana-Nevada Transit
- Mansfield Gas, Inc.
- Union Gas Company of Arkansas, Inc. (The)

Water Companies

- General Waterworks Corporation of Pine Bluff
- Shumaker Public Service Corporation

Telephone Companies

- ALLTEL Arkansas, Inc.
- Arkansas Telephone Company, Inc.
- Caddoan Telephone Company
- Central Arkansas Telephone Cooperative
- Cleveland County Telephone Company
- Continental Telephone Company of Arkansas

Section 5. Jurisdictional Utility Companies

Telephone Companies (Cont'd)

- Continental Telephone Company of Missouri
- Decatur Telephone Company, Inc.
- E. Ritter Telephone Company
- General Telephone Company of the Southwest
- Lavaca Telephone Company
- Liberty Telephone Company
- Madison County Telephone Company
- Magazine Telephone Company
- Mountain Home Telephone Company
- Mountain View Telephone Company
- Northern Arkansas Telephone Company
- Perco Telephone Company
- Prairie Grove Telephone Company
- Redfield Telephone Company
- Rice Belt Telephone Company
- South Arkansas Telephone Company
- Southwest Arkansas Telephone Cooperative
- Southwestern Bell Telephone Company
- Tri-County Telephone Company
- Union Telephone Company
- United Telephone Company of Arkansas
- Walnut Hill Telephone Company
- Yelcot Telephone Company
- Yell County Telephone Company

Competitive Interexchange Carriers, Resellers and Cellular Providers

- Advanced Telecommunications Corporation
- AEROFONE Communications Joint Venture
- ALLTEL Cellular Associates of Arkansas

Section 5. Jurisdictional Utility Companies

Competitive Interexchange Carriers, Resellers and Cellular Providers

- AT&T Communications of the Southwest
- Call America
- Century Cellunet of Texarkana, Inc.
- C.I.S. of Pine Bluff
- Compute-a-Call of Arkansas
- Comtel of Hot Springs (Loyd Communications)
- Discount Communications Service
- Econo-Line
- Fayetteville MSA Limited Partnership
- Fort Smith Cellular, Inc.
- Fort Smith MSA Limited Partnership
- GTE Mobilnet Sales Corporation of Fayetteville, Fort Smith, Pine Bluff and Texarkana
- J-Net Communications, Inc.
- LDDS of Arkansas, Inc.
- Little Rock Cellular Settlement Partnership
- Little Rock Telacom, Inc.
- Long Distance Connection of North Arkansas
- Long Distance of Searcy, Inc.
- McCaw Communications of Fayetteville, Inc.
- McCaw Communications of Little Rock, Inc.
- MCI Telecommunications Corporation, Southwest Division
- Mobile Telecommunications Technologies Corporation
- Pine Bluff Cellular, Inc.
- Rogers Building Management, Inc.
- Telephone Connections, Inc.
- Texarkana Cellular Partnership
- TRI-J
- US Sprint Communications Company, Southwest Division

Section 6. Gas Industry Summary

A. Highlights of 1989

As competition in the gas industry expanded, the Commission responded to changes in the gas market. During 1989, the main focus regarding the gas industry was the impact of competition on local distribution companies' (LDCs) gas supply costs. LDC expansion activity was also reviewed as state LDCs sought to enhance their systems, providing new supply opportunities and increasing their customer base.

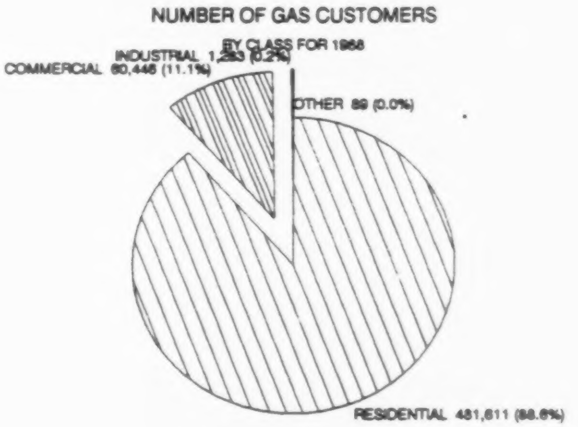
Also In 1989, Staff investigated the operation and supply costs of Arkansas' major gas utility. This investigation ultimately resulted in a cumulative savings to Arkansas gas sales customers of over 12 million dollars. Staff plans to continue the investigation by reviewing the gas costs and purchasing practices of other LDCs in the state. This will begin with a review of Arkansas' second largest gas utility.

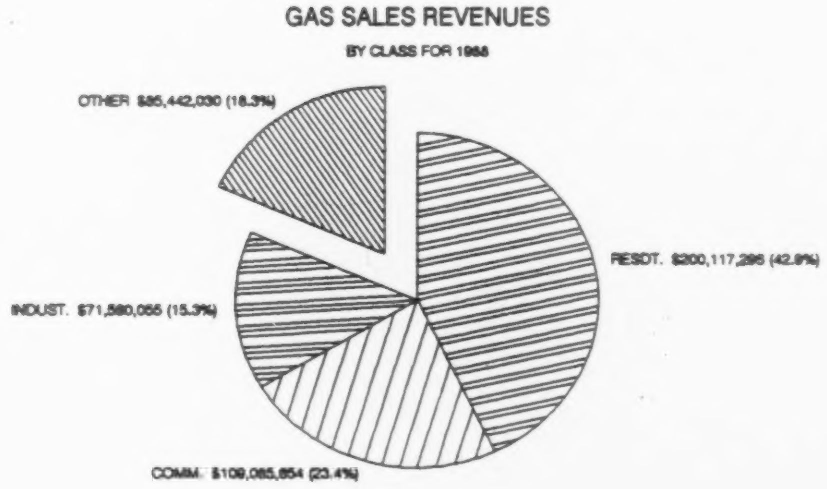
Other 1989 activity included applications from LDCs for approval of system expansions. The requests were in response to changes in customer needs and the gas market. Staff performed investigations and provided evidence to the Commission regarding five separate expansions or enhancements of LDC systems.

Finally, 1989 also marked a request from a new company for utility status and rate approval. The new company proposes to provide transportation-only service from the supply-rich western portion of Arkansas to customers in eastern Arkansas. Staff investigated the application to build the plant and provided the Commission with its recommendation. Staff continues its investigation of the proposed rates and will make its recommendations on that issue in 1990.

B. Gas Customers and Sales Revenues by Class

The following graphs show: (1) the percentage of jurisdictional residential, commercial, industrial, and other customers; and, (2) the corresponding percentage of residential sales revenues, commercial sales revenues, industrial sales revenues and other sales revenues. As can be seen in comparing the two graphs, while residential customers represent over 88% of all customers, revenues for these customers only represent a little less than 43% of all revenues. In contrast, while commercial and industrial sales customers represent 11% and a little less than 1% of total customers, respectively, their sales revenues account for more than 23% and 15%, respectively, of total revenues.



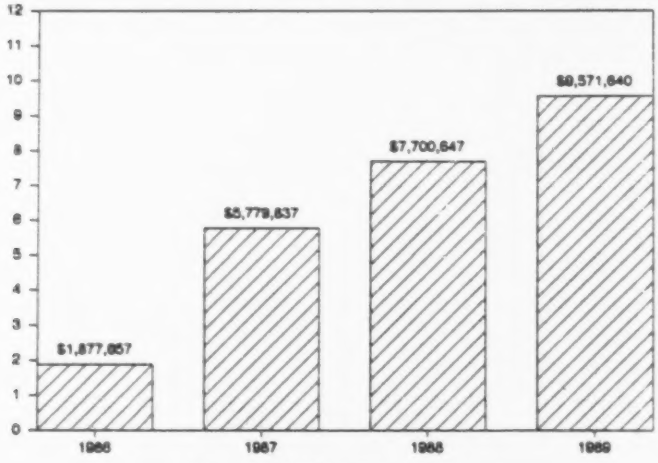


Section 6. Gas Industry Summary

C. Gas Transportation Savings and Filings

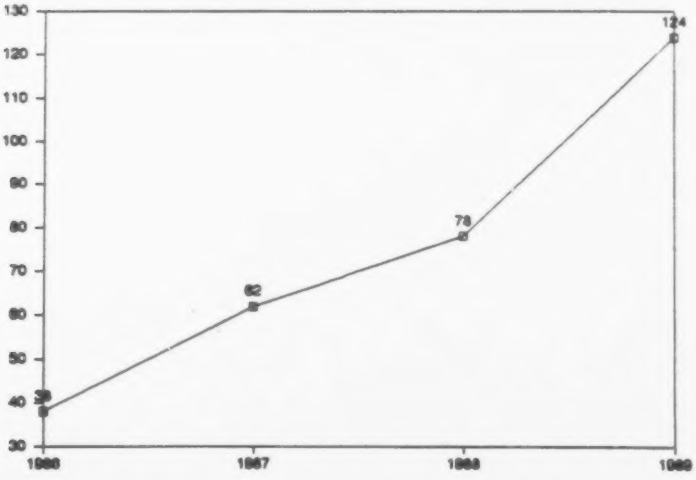
The following graphs represent: (1) the dramatic savings that have been achieved by customers using Arkansas transportation programs; and, (2) the increase in filing activity caused by the programs. The increased activity has caused a correspondingly dramatic increase in the amount of time necessary to review such filings.

GAS TRANSPORTATION SAVINGS*



*estimated savings Arkansas customers

GAS TRANSPORTATION FILINGS



Section 6. Gas Industry Summary

D. Statistical Summaries for Gas

GAS COMPANIES - ARKANSAS ONLY
PLANT INVESTMENT; OPERATING REVENUES
YEAR ENDED DECEMBER 31, 1988

COMPANY	PLANT INVESTMENT	OPERATING REVENUE	RATIO (%) GROSS REV
ARKLA GAS CO.	$466,480,108	$355,312,451	76.17%
ARKANSAS OKLAHOMA GAS CORP.	33,875,504	34,402,339	101.55
ARKANSAS WESTERN GAS CO.	97,372,913	74,077,174	76.08
LOUISIANA-NEVADA TRANSIT CO.	1,860,993	3,648,843	196.07
MANSFIELD GAS, INC.	659,110	243,088	36.88
UNION GAS COMPANY OF ARK.	622,904	847,122	135.99
TOTALS	$600,871,532	$468,531,017	77.98%

Section 6. Gas Industry Summary

GAS COMPANIES - ARKANSAS ONLY
CUSTOMERS; MCF SOLD; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	MCF SOLD	REVENUES	AVERAGE REVENUE PER CUSTOMER	AVERAGE MCF PER CUSTOMER
ARKANSAS LOUISIANA GAS COMPANY					
RESIDENTIAL	357,853	30,805,278	$156,517,048	$437	86
COMMERCIAL	43,631	17,453,463	$81,136,870	$1,860	400
INDUSTRIAL	921	8,781,955	$35,362,490	$38,396	9,535
OTHER	5	2,894,080	82,296,043	$16,459,209	578,816
TOTAL	402,410	59,934,776	$355,312,451	$883	149
ARKANSAS OKLAHOMA GAS CORPORATION					
RESIDENTIAL	33,733	3,321,158	$11,383,968	$337	98
COMMERCIAL	4,537	2,667,319	$8,461,524	$1,865	588
INDUSTRIAL	49	4,679,369	$11,942,878	$243,732	95,497
OTHER	10	304,306	$2,613,969	$261,397	30,431
TOTAL	38,329	10,972,152	$34,402,339	$898	286
ARKANSAS WESTERN GAS COMPANY					
RESIDENTIAL	86,152	6,917,948	$31,002,286	$360	80
COMMERCIAL	11,792	4,629,441	$18,913,882	$1,604	393
INDUSTRIAL	312	7,107,487	$21,339,163	$68,395	22.780
OTHER	61	9,427	$2,821,943	$46,260	155
TOTAL	98,317	18,664,303	$74,077,174	$753	190

Section 6. Gas Industry Summary

GAS COMPANIES - ARKANSAS ONLY
CUSTOMERS; MCF SOLD; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	MCF SOLD	REVENUES	AVERAGE REVENUE PER CUSTOMER	AVERAGE MCF PER CUSTOMER
LOUISIANA-NEVADA TRANSIT					
RESIDENTIAL	1,444	106,635	$455,809	$316	74
COMMERCIAL	139	126,532	$261,559	$1,882	910
INDUSTRIAL	1	2,325,465	$2,915,524	$2,915,524	2,325,465
OTHER	4	189	$15,951	$3,988	47
TOTAL	1,588	2,558,821	$3,648,843	$2,298	1,611
MANSFIELD GAS, INC.					
RESIDENTIAL	619	33,488	$182,937	$296	54
COMMERCIAL	65	11,701	$57,814	$889	180
INDUSTRIAL	0	0	$0	$0	0
OTHER	0	0	$0	$0	0
TOTAL	684	45,189	$240,751	$352	66
UNION GAS COMPANY OF ARKANSAS					
RESIDENTIAL	1,810	150,185	$575,248	$318	83
COMMERCIAL	282	71,663	$254,005	$901	254
INDUSTRIAL	0	0	$0	$0	0
OTHER	9	5,370	$17,870	$1,986	597
TOTAL	2,101	227,218	$847,123	$403	108
TOTALS	543,429	92,402,459	$468,528,681	$862	170

Section 6. Gas Industry Summary

E. Gas Docket Activity Summary

DOCKETS BEFORE THE COMMISSION

U DOCKETS

U-3100 ARKANSAS WESTERN GAS COMPANY

On September 20, 1989, Arkansas Western Gas Company (AWG) filed a Notice of Intent to apply for a general rate change. On December 13, 1989, AWG filed a Petition for Waiver requesting an extension of the filing deadline through January 15, 1989. The Commission granted the Petition.

87-086-U ARKANSAS LOUISIANA GAS COMPANY

Eligibility for transportation service is reviewed and determined in this Docket. Applications are approved on an individual customer basis. For the year ended December 31, 1989, 124 new and renewal affidavits were reviewed. Transportation service, as an alternative to sales service, saved qualifying customers in excess of $9,571,000 during 1989.

87-187-U ASSOCIATED NATURAL GAS COMPANY

In this Docket, Associated Natural Gas Company (ANG) and the Staff entered into a Stipulation and Agreement concerning settlement of three prior rate cases. Under the terms of the Stipulation, ANG and Staff must abide by the outcome of a particular court case.

That case has since been adjudicated and the Staff and ANG filed a Joint Motion finalizing the resulting rate change. Order No. 1, dated January 23, 1989, approved the Joint Motion. The Docket was closed on February 20, 1989.

88-045-U ARKANSAS LOUISIANA GAS COMPANY

In the most recent general rate proceeding, Arkansas Louisiana Gas Company (ALG) was authorized to implement a Gas Main Replacement Program (GMRP). ALG's GMRP tariff provides for the replacement of gas mains when ALG can demonstrate that: (1) the expenses resulting from lost and unaccounted for gas are greater than the cost of replacement; or (2) replacement is necessary to prevent or correct a potentially unsafe condition.

During 1989, ALG requested approval of 21 projects. Approval was granted in Order No. 6, issued May 16, 1989. ALG began collecting revenues under the tariff on October 1, 1989.

88-121-U TEXAS GAS TRANSMISSION CORPORATION

The Commission instigated a Show Cause Order upon Texas Gas Transmission Corporation (Texas Gas).

The Order stated that a Certificate of Environmental Compatibility and Public Need should be filed with this Commission.

Texas Gas replied that they are not under this Commission's jurisdiction. Texas Gas wished to serve a customer currently being served by a utility regulated by the APSC.

On November 28, 1989, Arkansas Gas Consumers filed a Petition to Intervene which was later granted. Oral testimony has not yet been heard in this Docket.

88-142-U ARKANSAS WESTERN GAS COMPANY

Arkansas Western Gas Company applied for a Certificate of Environmental Compatibility and Public Need (CECPN) to construct a natural gas pipeline in Franklin County. The pipeline will enable the Company to send more gas to its division, Associated Natural Gas Company, in Eastern Arkansas. Order No. 5, dated January 6, 1989, approved the CECPN. Order No. 6, dated July 17, 1989, closed the Docket.

88-170-U ARKANSAS LOUISIANA GAS COMPANY

Arkansas Louisiana Gas Company, Staff, and the Attorney General's Office, filed a Joint Motion to modify the mechanism for calculating gas cost. The mechanism, which is used by Arkla Energy Resources (AER), allows accrued gas expenses to be included in the purchased gas adjustment clause and provides that increases in excess of 103% must be justified. Order No. 1, dated October 28, 1989, approved the Joint Motion. Order No. 2, dated January 30, 1989, closed the Docket.

88-201-U ARKANSAS WESTERN GAS COMPANY

This Docket was opened to consider Staff's Motion for the Issuance of a Show Cause Order. The case concerns unauthorized charges in the purchased gas adjustment (PGA) clause of Associated Natural Gas Company, a division of Arkansas Western Gas Company.

Staff filed testimony urging the Commission to: (1) order the utility to cease its practice of charging ratepayers under its ANG PGA for the use of AWG's facilities; and, (2) refund amounts collected under this practice. The Docket remains open, awaiting an order from the Commission.

89-001-U ARKANSAS LOUISIANA GAS COMPANY

On January 4, 1989, Arkansas Louisiana Gas Company (ALG) applied for a Certificate of Environmental Compatibility and Public Need (CECPN) to construct, operate and maintain a natural gas pipeline. Concurrent with the

CECPN, ALG requested recovery of costs allowed pursuant to Arkansas Code Annotated Section 23-3-601, et seq., also known as Act 150 of 1987. Under the provisions of this Act, a natural gas utility may request authorization from the APSC to: (1) extend service to areas in Arkansas which have not received gas service in the past; (2) expend funds on the extension project; and, (3) concurrently seek approval to recover any excess expenditures arising from the project.

Staff reviewed and filed testimony in support of the Application. Order No. 3, dated April 21, 1989, granted ALG the CECPN. Order No. 5, dated December 20, 1989, closed the Docket.

89-089-U ARKLA ENERGY RESOURCES

Staff conducted an investigation of Arkla Energy Resources' (AER) revenue requirement, current earnings, and cost of gas. Staff's on-site review of AER's books and records produced a Joint Motion for Approval of Stipulation and Clarification Agreement (Joint Motion) between Staff and AER.

The Joint Motion, filed June 30, 1989, resulted in AER reducing its base gas cost to $2.40 per MMBtu. In addition, the Joint Motion clarified that Rate Schedule ALG-1 is not applicable to interstate transportation service provided to shippers through Arkla, Inc.'s operating divisions. Rate Schedule ALG-1 was also reworded to reflect this clarification. Further, the Joint Motion stated that transportation rates would be reduced for AER's "Conversion" and "Dedication" programs and for ALG's Rate Schedules T-1, T-2, and LT-1.

Order No. 7, dated September 8, 1989, granted the Joint Motion. The result will be a savings of about $12,000,000 per year for Arkansas Louisiana Gas Company's Arkansas customers. Order No. 9, dated December 20, 1989, closed the Docket.

89-121-U ARKANSAS WESTERN GAS COMPANY

On June 14, 1989, Arkansas Western Gas Company (AWG) applied for a Certificate of Convenience and Necessity (CCN) to construct, operate and maintain a natural gas pipeline. The Staff investigated the construction of the proposed three mile, 10-3/4" pipeline and recommended approval in prepared testimony filed August 7, 1989. Order No. 3, dated August 25, 1989, approved AWG's request for a CCN. Order No. 4, dated December 20, 1989, closed the Docket.

89-135-U ARKANSAS WESTERN GAS COMPANY

Filed on June 30, 1989, this Application from Arkansas Western Gas (AWG) requested a Certificate of Convenience and Necessity (CCN) to construct, operate and maintain additional compressor facilities in Franklin County, Arkansas. The request was reviewed by Staff, who filed prepared testimony on August 7, 1989, recommending approval. Order No. 3, dated August 25, 1989, granted AWG the CCN. Order No. 4, dated December 20, 1989, closed the Docket.

89-167-U ARKANSAS OKLAHOMA GAS CORPORATION

This Docket, filed on September 9, 1989, concerns Arkansas Oklahoma Gas Corporation's (AOG) Application for an Extension Project under the provisions of Act 150. The project envisions the extension of gas service to the Cedarville, Arkansas area.

On October 16, 1989, AOG filed a letter stating that the project had been suspended but requesting that the Docket remain open. On December 11, 1989, a letter filed by AOG formally requested approval to withdraw the Application. Order No. 2, dated December 13, 1989, closed the Docket.

89-203-U NOARK PIPELINE SYSTEM

On October 24, 1989, NOARK Pipeline System (NOARK): (1) applied for Commission approval of the organization of NOARK as a public utility; (2) requested a Certificate of Environmental Compatibility and Public Need (CECPN) to construct, operate and maintain a natural gas pipeline; (3) requested Commission approval of rates for the natural gas transmission system; and, (4) submitted a plan for Commission approval for the inspection and maintenance of the NOARK pipeline.

Item No. 3, the setting of rates for NOARK, has been scheduled for hearing on April 3, 1990. If approved, the NOARK pipeline will transport natural gas from the Arkansas portion of the Arkoma basin to Northeast Arkansas. Staff filed direct testimony on December 15, 1989, recommending that NOARK's Application for a CECPN be approved.

TF DOCKETS

88-046-TF ARKANSAS LOUISIANA GAS COMPANY

At Arkansas Louisiana Gas Company's (ALG) request, this Docket was opened to consider a revision to its T-1 transportation tariff. The revision allows qualified customers to enter into a transportation contract for longer than one year.

Testimony was filed by the Company, the Staff and Arkansas Gas Consumers. Following a Motion for Continuance by ALG, the scheduled hearing was suspended.

88-168-TF ARKANSAS OKLAHOMA GAS CORPORATION

Arkansas Oklahoma Gas Corporation (AOG) filed a Market Retention Credit Adjustment Clause to augment its Cost-of-Gas adjustment tariff. The intent of the tariff clause is to retain industrial load on the AOG system.

The Staff filed written testimony recommending approval. Order No. 1, issued by the hearing officer on November 23, 1988, approved the tariff.

AOG subsequently filed a Motion for Expedited Consideration of the MRCA Clause. Expedited consideration was requested because of an appeal before the Arkansas Court of Appeals regarding the Commission's denial of AOG's WA-7 tariff (Docket No. 87-110-TF). The Commission subsequently affirmed Order No. 1 on December 6, 1988, and closed the Docket on January 26, 1989.

88-194-TF ARKANSAS LOUISIANA GAS COMPANY

Arkansas Louisiana Gas Company (ALG) filed an Extension Project Adjustment tariff to allow recovery of costs pursuant to Arkansas Code Annotated Section 23-3-601 et seq., also known as Act 150 of 1987. Under the provisions of this Act, a natural gas utility may request authorization from the APSC to: (1) extend service to areas in Arkansas which have not received gas service in the past; (2) expend funds on the extension project; and, (3) concurrently seek approval to recover any excess expenditures arising from the project. The tariff was later withdrawn.

89-030-TF ARKANSAS LOUISIANA GAS COMPANY

On February 14, 1989, Arkansas Louisiana Gas Company (ALG) requested approval to amend the General Terms and Conditions for transportation service. On March 13, 1989, ALG requested withdrawal of the tariff amendment. Order No. 1, dated September 13, 1989, granted ALG's request and closed the Docket.

89-156-TF ARKANSAS OKLAHOMA GAS CORPORATION

On August 18, 1989, Arkansas Oklahoma Gas Corporation (AOG) requested approval of a new tariff styled Tariff No. CV-1. On September 7, 1989, AOG requested that this tariff be withdrawn. Order No. 2, dated September 11, 1989, granted AOG's request and closed the Docket.

89-163-TF ARKANSAS OKLAHOMA GAS CORPORATION

Arkansas Oklahoma Gas Corporation filed revised tariffs reflecting changes in its Standard Rules and Regulations applying to natural gas service. The Staff reviewed the Company's filing for compliance with the Commission's General Service Rules and filed testimony recommending approval. At the Staff's request, the Company also included the revisions in its newsletter to customers.

Order No. 1, issued September 29, 1989, approved the revised tariffs.

89-178-TF ARKANSAS LOUISIANA GAS COMPANY

Arkansas Louisiana Gas Company (ALG) requested approval of an Unmetered Gas Light Service Rate Schedule on September 20, 1989. Staff reviewed the Rate Schedule and filed prepared testimony on October 12, 1989, and October 17, 1989, recommending approval subject to revisions.

ALG amended its filing to include Staff's recommendations on October 18, 1989. Order No. 1, issued October 20, 1989, approved the revised tariffs and granted ALG an exemption from Rule 11 (A)(1) of the Commission's General Service Rules. The Docket was closed on December 6, 1989, by Order No. 2.

89-191-TF ARKANSAS LOUISIANA GAS COMPANY

Arkansas Louisiana Gas Company filed a letter with attached tariff sheets requesting to amend its T-1 transportation and LT-1 transportation tariffs. The tariffs were revised to comport with the Amended Stipulated and Clarification Agreement between Staff and AER, which was approved by the Commission in Docket No. 89-089-U.

Staff filed testimony on October 6, 1989, recommending that the revisions be approved. Order No. 1, dated October 6, 1989, approved the tariff. Order No. 2, dated November 22, 1989, closed the Docket.

C DOCKETS

88-183-C GARY GREER VS. ARKANSAS LOUISIANA GAS COMPANY

The Complainant disputed an abnormally high gas bill and contended that the gas meter was faulty. The Staff investigated the Complaint and filed testimony on the results of the meter test.

The meter was found to be within the tolerance limits set by the Commission. Order No. 3, issued March 14, 1989, dismissed the Complaint.

DOCKETS ON APPEAL FROM THE COMMISSION

U DOCKETS

87-009-U ARKANSAS CHARCOAL COMPANY

ARKANSAS COURT OF APPEALS
CASE NO. CA 88-195

Docket No. 87-009-U concerns Texas Oil and Gas Company's bypass of AWG to serve Arkansas Charcoal Company. The primary issue in this case is whether a non-utility, building a pipeline meeting the statutory specifications of a "major utility facility", must comply with statutory provisions. It was the Commission's position that non-utilities must comply with the siting act.

On December 28, 1988, the Arkansas Court of Appeals rendered its decision holding that the pipeline was subject to the Major Utility Facility Act, but that only an environmental impact statement need be filed.

On January 13, 1989, the Commission petitioned for rehearing at the Court of Appeals and also petitioned the Arkansas Supreme Court for certiorari and review of the decision of the Court of Appeals. The Appeals Court ruling was affirmed by the Supreme Court. The Docket was closed on September 8, 1989, by Order No. 40.

87-149-U ARKANSAS OKLAHOMA GAS CORPORATION

ARKANSAS COURT OF APPEALS CASE NO. CA 88-260

This case involves an Act 310 filing by Arkansas Oklahoma Gas Corporation (AOG) wherein AOG seeks to recover expenses incurred in removing asbestos from two of its buildings. AOG claims that the removal is mandated under Environmental Protection Agency regulations and is therefore subject to Act 310 treatment. After a Commission ruling adverse to AOG, AOG appealed.

The Court of Appeals upheld the APSC on May 10, 1989. AOG then appealed to the Arkansas Supreme Court. On June 12, 1989, the Supreme Court agreed to hear the case. Briefs were submitted on August 10, 1989, and oral arguments heard on December 11, 1989. The Supreme Court had not issued a ruling as of December 31, 1989.

88-092-U ARKANSAS CHARCOAL COMPANY, ET AL.

ARKANSAS COURT OF APPEALS CASE NO. CA 88-395

Arkansas Charcoal Company (Arkansas Charcoal) applied for a Certificate of Environmental Compatibility and Public Need (CECPN) to certificate a natural gas pipeline. The Application contained only the requisite environmental impact study, based on the Company's interpretation of the Commission's jurisdiction. Staff filed a Motion to Dismiss the Application as incomplete. The Commission granted the Motion and dismissed the case.

Arkansas Charcoal then appealed the dismissal. The Court of Appeals combined this appeal with that of Docket No. 87-009-U and later found for Arkansas Charcoal. That finding was appealed by the Commission to the Supreme Court. The Supreme Court held for the Company and the Docket was closed on September 7, 1989.

Section 6. Gas Industry Summary

TF DOCKETS

87-110-TF ARKANSAS OKLAHOMA GAS CORPORATION

ARKANSAS COURT OF APPEALS
CASE NO. CA 88-235

In Docket No. 87-110-TF, Arkansas Oklahoma Gas Corporation (AOG) filed a proposed gas transportation tariff. The tariff stated that service under this tariff "will be available, when provided to any one customer, at the sole discretion of the company, to all industrial customers..." Staff filed testimony opposing the tariff.

AOG filed a Notice of Appeal in the Arkansas Court of Appeals on August 8, 1988. A subsequent filing by AOG proved to be a viable alternative to the original gas transportation tariff. AOG then asked the Court of Appeals to dismiss the case. The Commission closed this Docket by Order No. 5, dated March 5, 1989.

Section 7. Electric Industry Summary

A. Highlights of 1989

During 1989, the Staff responded to electric issues at the state and federal levels which arose from increased competitive pressures in the industry. On the retail level, those issues relate specifically to the excessive capacity levels that exist in Arkansas.

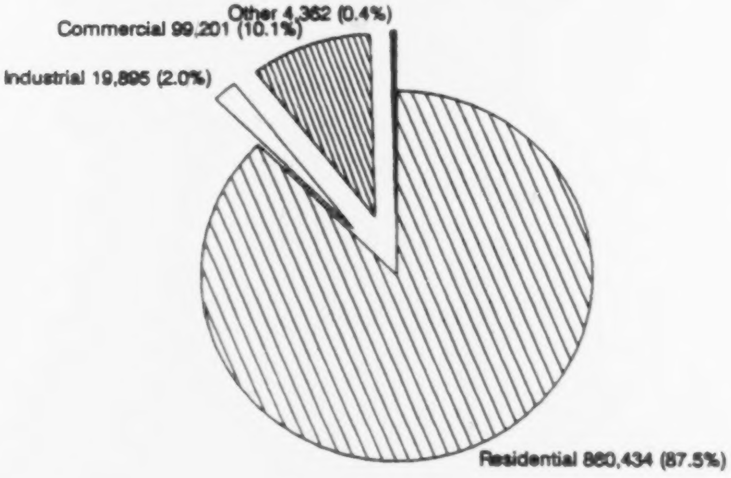
The significant effect of competitive pressure in the retail sector is demonstrated by the number of requests for special rate treatment received by the Commission this year. The purpose of special treatment is the promotion of load retention, cogeneration deferral, and economic development.

Because of the availability of alternative sources of power, including cogeneration and other fuels at competitive rates, the Staff supported approval of special contracts that allowed utilities to retain or expand existing industrial load. This action preserves the revenue base of the utility and prevents the shifting of increased costs to other ratepayers.

B. Electric Customers by Class

The following chart is a graphic representation of the total number of retail electric customers in Arkansas. The chart is divided into four parts to show the proportion for each group. As can easily be seen, residential customers are the largest group, representing 87% of all customers. Commercial customers are the next largest group at 10% while industrial customers comprise 2% of the total.

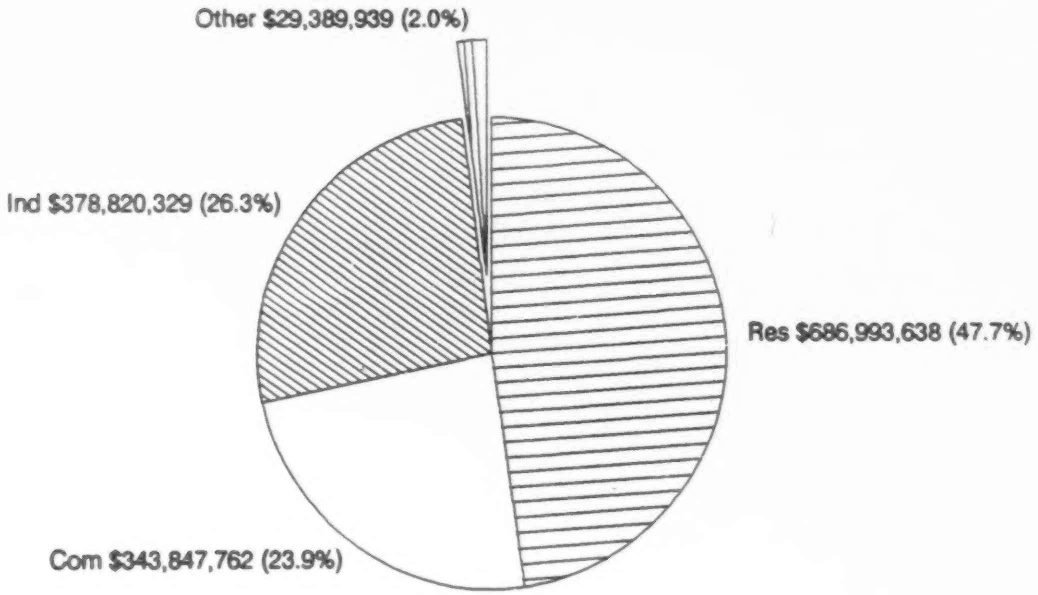
RETAIL ELECTRIC CUSTOMERS - 1988



C. Retail Electric Revenues by Class

The following chart represents the retail electric revenues collected in Arkansas. While residential customers represent 87% of all electric customers, they supply only 48% of the total retail electric revenues. On the other hand, while the commercial and industrial classes comprise only 10% and 2% of the total number of electric customers, respectively, those classes provide 24% and 26% of the revenues. The other classes contain less than 1% of the customers but those customers supply 2% of the total retail revenues.

RETAIL ELECTRIC REVENUES - 1988



Section 7. Electric Industry Summary

D. Statistical Summaries for Electric

ELECTRIC COMPANIES-ARKANSAS ONLY
PLANT INVESTMENT; OPERATING REVENUES
YEAR ENDED DECEMBER 31, 1988

COMPANY	PLANT INVESTMENT	OPERATING REVENUES	RATIO (%) GROSS REV. /INVEST.
ARK. ELECTRIC COOP.	$627,794,460	$198,927,855	31.69%
ARK. POWER & LIGHT CO.	3,736,966,255	1,309,137,588	35.03
ARK. VALLEY ELEC. COOP.	65,058,434	31,993,879	49.18
ASHLEY-CHICOT ELEC. COOP.	7,390,69	4 4,059,640	54.93
C & L ELEC. COOP.	28,106,187	14,806,834	52.68
CARROLL ELEC. COOP.	79,343,551	34,718,543	43.76
CLAY COUNTY ELEC. COOP.	7,602,696	9,230,153	52.44
CRAIGHEAD ELEC. COOP.	42,278,940	23,401,525	55.35
EMPIRE DIST. ELEC. CO.	8,733,700	3,528,698	40.40
FARMERS ELEC. COOP.	8,620,123	5,404,419	62.70
FIRST ELEC. COOP.	72,515,626	51,506,333	71.03
MISS. COUNTY ELEC. COOP.	6,341,747	6,387,815	107.26
NORTH ARK. ELEC. COOP.	50,957,139	24,136,182	47.37
OKLA. GAS & ELEC. CO.	108,873,378	101,731,060	93.44
OUACHITA ELEC. COOP.	22,591,851	14,288,264	63.25
OZARKS ELEC. COOP.	56,679,113	24,884,520	43.90
PETIT JEAN ELEC. COOP.	29,047,926	11,667,910	40.17
RICELAND ELEC. COOP.	9,976,197	3,855,075	38.64
RICH MTN. ELEC. COOP.	12,419,643	4,852,579	39.07
SO. CENTRAL ARK. ELEC. COOP.	14,389,026	8,142,220	56.59
S. W. ARK. ELEC. COOP.	56,018,019	24,809,872	44.29
SOUTHWESTERN ELEC. POWER	241.645.824	149,172,451	61.73
WOODRUFF ELEC. COOP.	43,588,176	18,645,149	42.77
TOTALS	$5,346,938,705	$2,079,288,564	38.89%

Section 7. Electric Industry Summary

ELECTRIC COMPANIES - ARKANSAS ONLY
CUSTOMERS; KWH SOLD; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REVENUE PER CUSTOMER	AVERAGE KWH PER CUSTOMER
ARKANSAS ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	0	0	$0	$0	0
COMMERCIAL	0	0	$0	$0	0
INDUSTRIAL	0	0	$0	$0	0
OTHER	17	4,437,888,000	$198,880,346	$11,698,844	261,052,235
	17	4,437,888,000	$198,880,346	$11,698,844	261,052,235
ARKANSAS POWER & LIGHT					
RESIDENTIAL	479,505	4,945,231,025	$399,731,931	$834	10,313
COMMERCIAL	58,697	3,454,015,646	$231,568,705	$3,945	58,845
INDUSTRIAL	19,163	4,987,637,473	$269,125,361	$14,044	260,274
OTHER	936	13,388,612,184	$409,081,410	$437,053	14,304,073
TOTAL	558,301	26,775,496,328	$1,309,507,407	$2,346	47,959
ARKANSAS VALLEY ELECTRIC COOPERATIVE					
RESIDENTIAL	28,436	314,759,840	$22,940,828	$807	11,069
COMMERCIAL	1,412	48,032,711	$3,288,495	$2,329	34,018
INDUSTRIAL	9	124,417,400	$5,176,311	$575,146	13,824,156
OTHER	438	4,607,817	$348,817	$796	10,520
TOTAL	30,295	491,817,768	$31,754,451	$1,048	16,234
ASHLEY-CHICOT ELECTRIC COOPERATIVE, INC.					
RESIDENTIAL	2,997	32,267,538	$2,601,098	$868	10,767
IRRIGATION	51	8,397,945	$738,196	$14,474	164,666
COMMERCIAL	698	6,901,425	$661,894	$948	9,887
INDUSTRIAL	0	0	$0	$0	0
OTHER	21	628,148	$48,985	$2,333	29,912
TOTAL	3,767	48,195,056	$4,050,173	$1,075	12,794

Section 7. Electric Industry Summary

ELECTRIC COMPANIES - ARKANSAS ONLY
CUSTOMERS; KWH SOLD; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REVENUE PER CUSTOMER	AVERAGE KWH PER CUSTOMER
C & L ELECTRIC COOPERATIVE					
RESIDENTIAL	13,851	134,730,713	$11,215,149	$810	9,727
IRRIGATION	457	4,689,986	$543,034	$1,188	10,263
COMMERCIAL	1,047	32,212,335	$2,444,822	$2,335	30,766
INDUSTRIAL	1	870,300	$61,324	$61,324	870,300
OTHER	335	3,639,156	$289,484	$864	10,863
TOTAL	15,691	176,142,490	$14,553,813	$928	11,226
CARROLL ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	31,870	353,792,226	$26,622,820	$835	11,101
COMMERCIAL	1,833	80,249,908	$5,779,273	$3,164	43,781
INDUSTRIAL	3	36,057,144	$1,577,134	$525,711	12,019,048
OTHER	36	2,309,988	$161,418	$4,484	64,166
TOTAL	33,742	472,409,266	$34,140,645	$1,012	14,001
CLAY COUNTY ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	8,550	69,443,277	$5,472,300	$640	8,122
IRRIGATION	586	4,561,316	$521,104	$889	7,784
COMMERCIAL	880	26,715,356	$2,015,680	$2,419	30,358
INDUSTRIAL	6	17,933,632	$1,089,118	$181,520	2,988,939
OTHER	67	1,376,196	$109,679	$1,637	20,540
TOTAL	10,089	120,029,777	$9,207,881	$913	11,897
CRAIGHEAD ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	19,581	219,098,235	$17,022,761	$869	11,189
IRRIGATION	960	14,571,491	$1,326,354	$1,382	15,179
COMMERCIAL	846	49,374,926	$4,139,138	$4,893	58,363
INDUSTRIAL	5	15,228,190	$818,498	$163,700	3,045,638
OTHER	23	355,372	$29,628	$1,288	15,451
TOTAL	21,415	298,628,214	$23,336,379	$1,090	13,945

Section 7. Electric Industry Summary

ELECTRIC COMPANIES - ARKANSAS ONLY
CUSTOMERS; KWH SOLD; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REVENUE PER CUSTOMER	AVERAGE KWH PER CUSTOMER
EMPIRE DISTRICT ELECTRIC COMPANY					
RESIDENTIAL	2,332	20,814,682	$1,081,091	$464	8,926
COMMERCIAL	529	19,811.070	$1,013,524	$1,916	37,450
INDUSTRIAL	4	34,498,972	$1,233,724	$308,431	8,624,743
OTHER	73	5,033,508	$200,359	$2,745	68,952
TOTAL	2,938	80,158,232	$3,528,698	$1,201	27,283
FARMERS ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	3,867	39,818,030	$3,185,570	$824	10,297
IRRIGATION	780	14,005,428	$1,369,263	$1,755	17,956
COMMERCIAL	332	10,472,966	$740,420	$2,230	31,545
OTHER	9	340,160	$27,392	$3,044	37,796
TOTAL	4,988	64,636,584	$5,322,645	$1,067	12,958
FIRST ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	41,633	474,227,357	$37,281,855	$895	11,391
IRRIGATION	1,162	22,892,097	$1,808,388	$1,556	19,701
COMMERCIAL	1,268	67,008,314	$4,390,863	$3,463	52,846
INDUSTRIAL	2	234,261,026	$6,916,326	$3,458,163	117,130,513
OTHER	281	9,861,375	$727,968	$2,591	35,094
TOTAL	44,346	808,250,169	$51,125,400	$1,153	18,226
MISSISSIPPI COUNTY ELECTRIC COOPERATIVE, INC.					
RESIDENTIAL	3,131	33,583,449	$2,741,891	$876	10,726
IRRIGATION	12	612,313	$59,726	$4,977	51,026
COMMERCIAL	218	3,092,293	$256,146	$1,175	14,185
INDUSTRIAL	3	131,337,370	$3,255,196	$1,085,065	43,779,123
OTHER	32	628,246	$51,184	$1,600	19,633
TOTAL	3,396	169,253,671	$6,364,143	$1,874	49,839

Section 7. Electric Industry Summary

ELECTRIC COMPANIES - ARKANSAS ONLY
CUSTOMERS; KWH SOLD; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REVENUE PER CUSTOMER	AVERAGE KWH PER CUSTOMER
NORTH ARKANSAS ELECTRIC COOPERATIVE, INC.					
RESIDENTIAL	20,229	205,676,609	$16,951,754	$838	10,167
COMMERCIAL	1,455	56,056,404	$3,746,852	$2,575	38,527
INDUSTRIAL	5	54,151,757	$2,775,964	$555,193	10,830,351
OTHER	305	4,086,882	$331,155	$1,086	13,400
TOTAL	21,994	319,971,652	$23,805,725	$1,082	14,548
OKLAHOMA GAS & ELECTRIC COMPANY					
RESIDENTIAL	46,602	501,162,691	$30,765,252	$660	10,754
COMMERCIAL	6,841	436,704,218	$23,811,334	$3,481	63,836
INDUSTRIAL	103	708,374,883	$25,214,092	$244,797	6,877,426
OTHER	772	480,154,284	$21,940,382	$28,420	621,962
TOTAL	54,318	2,126,396,076	$101,731,060	$1,873	39,147
OUACHITA ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	7,452	68,532,370	$5,582,406	$7499,197	
COMMERCIAL	847	55,313,294	$4,793,640	$5,660	65,305
INDUSTRIAL	10	60,267,336	$3,768,940	$376,894	6,026,734
OTHER	6	368,550	$21,455	$3,576	61,425
TOTAL	8,315	184,481,550	$14,166,441	$1,704	22,187
OZARKS ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	24,442	261,703,087	$18,741,425	$767	10,707
COMMERCIAL	307	65,976,918	$3,804,581	$12,393	214,909
INDUSTRIAL	4	29,228,960	$1,644,592	$411,148	7,307,240
OTHER	106	4,342,833	$280,291	$2,644	40,970
TOTAL	24,859	361,251,798	$24,470,889	$984	14,532

Section 7. Electric Industry Summary

ELECTRIC COMPANIES - ARKANSAS ONLY
CUSTOMERS; KWH SOLD; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REVENUE PER CUSTOMER	AVERAGE KWH PER CUSTOMER
PETIT JEAN ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	12,328	105,724,693	$8,548,113	$693	8,576
COMMERCIAL	999	30,734,672	$2,207,754	$2,210	30,765
INDUSTRIAL	5	7,850,480	$548,278	$109,656	1,570,096
OTHER	235	2,688,700	$213,315	$908	11,441
TOTAL	13,567	146,998,545	$11,517,460	$849	10,835
RICELAND ELECTRIC COOPERATIVE, INC.					
RESIDENTIAL	2,602	21,695,955	$2,239,810	$861	8,338
IRRIGATION	692	8,665,646	$938,661	$1,356	12,523
COMMERCIAL	142	4,620,612	$455,182	$3,206	32,540
INDUSTRIAL	1	3,125,000	$220,068	$220,068	3,125,000
OTHER	0	0	$0	$0	0
TOTAL	3,437	38,107,213	$3,853,721	$1,121	11,087
RICH MOUNTAIN ELECTRIC COOPERATIVE, INC.					
RESIDENTIAL	5,061	50,828,803	$4,374,484	$864	10,043
COMMERCIAL	201	5,980,807	$454,155	$2,259	29,755
INDUSTRIAL	0	0	$0	$0	0
OTHER	0	0	$0	$0	0
TOTAL	5,262	56,809,610	$4,828,639	$918	10,796
SOUTH CENTRAL ARKANSAS ELECTRIC COOPERATIVE, INC.					
RESIDENTIAL	7,251	63,093,075	$5,065,048	$699	8,701
IRRIGATION	3	87,424	$13,726	$4,575	29,141
COMMERCIAL	389	13,039,781	$1,019,202	$2,620	33,521
INDUSTRIAL	2	45,737,845	$2,007,726	$1,003,863	22,868,923
OTHER	8	143,900	$12,806	$1,601	17,988
TOTAL	7,653	122,102,025	$8,118,508	$1,061	15,955

Section 7. Electric Industry Summary

ELECTRIC COMPANIES - ARKANSAS ONLY
CUSTOMERS; KWH SOLD; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REVENUE PER CUSTOMER	AVERAGE KWH PER CUSTOMER
SOUTHWEST ARKANSAS ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	18,015	189,520,213	$14,885,387	$826	10,520
IRRIGATION	25	135,471	$27,009	$1,080	5,419
COMMERCIAL	1,556	69,838,907	$5,298,884	$3,405	44,884
INDUSTRIAL	4	85,606,800	$4,507,156	$1,126,789	21,401,700
OTHER	11	336,064	$25,923	$2,357	30,551
TOTAL	19,611	345,437,455	$24,744,359	$1,262	17,614
SOUTHWESTERN ELECTRIC POWER COMPANY					
RESIDENTIAL	68,070	632,247,668	$39,150,975	$575	9,288
COMMERCIAL	10,327	533,393,056	$27,717,504	$2,684	51,650
INDUSTRIAL	560	1,158,517,319	$48,159,373	$85,999	2,068,781
OTHER	699	782,502,926	$34,599,535	$49,499	1,119,461
TOTAL	79,656	3,106,660,969	$149,627,387	$1,878	39,001
WOODRUFF ELECTRIC COOPERATIVE CORPORATION					
RESIDENTIAL	12,629	128,152,027	$10,791,690	$855	10,147
IRRIGATION	2,972	46,133,743	$3,957,758	$1,332	15,540
COMMERCIAL	677	39,808,857	$2,936,495	$4,338	58,802
INDUSTRIAL	5	14,301,180	$721,148	$144,230	2,860,236
OTHER	9	211,990	$14,272	$1,586	23,554
TOTAL	16,292	228,657,797	$18,421,363	$1,131	14,035
TOTALS	983,949	40,979,780,245	$2,077,057,533	$2,111	41,648

Section 7. Electric Industry Summary

E. Electric Docket Activity Summary

DOCKETS BEFORE THE COMMISSION

U DOCKETS

88-010-U FIRST ELECTRIC COOPERATIVE CORPORATION

First Electric Cooperative Corporation (First Electric) requested a Certificate of Convenience and Necessity in this Docket. The Certificate was needed to construct facilities in unallocated territory in Saline County. Arkansas Power & Light Company (AP&L) intervened, requesting to serve a portion of the territory.

Order No. 6, issued August 3, 1989, authorized both First Electric and AP&L to serve certain portions of the territory. First Electric and AP&L were also directed to file revised territory maps.

88-156-U ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested authority to transfer its operating license for Arkansas Nuclear One, Unit 1 and Unit 2, to an affiliate company, System Energy Resources, Inc. (SERI). The proposed consolidation of system-wide nuclear operating responsibility would have included SERI's Grand Gulf I, Louisiana Power & Light Company's Waterford 3, and AP&L's Nuclear One, Units 1 and 2.

In June, 1989, AP&L filed a request in Docket No. 89-128-U for approval of an alternate proposal. As a result, on June 22, 1989, AP&L withdrew this Application.

88-186-U SOUTHWESTERN ELECTRIC POWER COMPANY

On December 1, 1988, Southwestern Electric Power Company (SWEPCO) applied for a Certificate of Convenience and Necessity (CCN). The Certificate was needed to rebuild a 7.18 mile section of 69 Kv transmission line in Logan County to 161 Kv specifications. The planned upgrade was requested to accommodate projected load growth in the area. After investigation, Staff filed testimony on February 28, 1989. A hearing was held March 14, 1989, and a CCN granted April 19, 1989.

88-193-U GREAT LAKES CARBON CORPORATION

Great Lakes Carbon Corporation (Great Lakes) petitioned the Commission for a declaratory order. The Petition asked the Commission to establish Great Lakes' right to receive service from Oklahoma Gas and Electric Company. At the time of the Petition, Great Lakes was served by and located in Arkansas Valley Electric Cooperative Corporation's service territory.

On April 5, 1989, the Administrative Law Judge (ALJ) dismissed Great

Lakes' Petition. On May 5, 1989, the Commission affirmed the ALJ's Order without modification. The case is currently under appeal at the Arkansas Court of Appeals.

89-003-U C & L ELECTRIC COOPERATIVE

C & L Electric Cooperative requested a Certificate of Convenience and Necessity (CCN) to construct a 10 mile, 69 Kv transmission line through Cleveland and Lincoln Counties. The CCN was granted on May 23, 1989.

89-006-U HUDSON MEMORIAL NURSING HOME

On January 9, 1989, Hudson Memorial Nursing Home requested a waiver of APSC General Service Rule 10E, which prohibits master metering and combined billing of individual consumers. Staff investigated the nursing home's eligibility for a waiver and entered testimony regarding its findings at the March 21, 1989, hearing. Order No. 4, issued March 31, 1989, approved the waiver.

89-044-U NEKOOSA PAPER COMPANY

On March 8, 1989, Nekoosa Paper Company applied for a Certificate of Environmental Compatibility and Public Need (CECPN) to add generating capability at their Ashdown, Arkansas plant. The request was made because of a planned plant expansion.

Staff filed testimony recommending that the Certificate be granted. After an April 27 hearing, an Order was issued on May 4, 1989, granting the Certificate.

89-128-U ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) asked for approval to transfer an undivided portion of the Independence Steam Electric Station Unit No. 2 Certificate to Entergy Power, Inc. Also part of the proposed transfer was AP&L's ownership interest in the Ritchie Steam Electric Station Unit No. 2.

The request was made because a short-term sale termination in December was projected to cause $23 million in revenue losses annually. The short-term sale to Mississippi Power & Light Company involved AP&L's entitlement to capacity and energy associated with the Independence Steam Electric Station Unit No. 2.

The Staff and the Attorney General entered into a Stipulation and Settlement Agreement with AP&L to eliminate an immediate need for increased rates. Among other things, the Stipulation provides for a rate moratorium which should insulate AP&L's Arkansas ratepayers for about three years.

AP&L also requested authority to

enter an operating agreement with a newly-formed nuclear management affiliate. The affiliate was to assume operating responsibility for, but not ownership of, Arkansas Nuclear One Units 1 and 2. The consolidation of nuclear operations is projected to result in an annual savings to Arkansas ratepayers of $10.4 million. The issues are pending before the Commission.

89-140-U CARROLL ELECTRIC COOPERATIVE CORPORATION

Carroll Electric Cooperative Corporation (Carroll) requested a (CCN) to construct three 69 Kv transmission lines. The lines would tie into Arkansas Electric Cooperative Corporation's 161/69 Kv Avoca Substation. Carroll planned to replace the current connection to Southwestern Electric Power Company's 161/69 Kv East Rogers Substation with the Avoca Substation connection. After a hearing on October 3, 1989, an Order was issued October 5 granting Carroll's request.

89-150-U FIRST ELECTRIC COOPERATIVE CORPORATION

On August 3, 1989, First Electric Cooperative Corporation (First Electric) applied for a (CCN) to construct, operate, and maintain a 1.47 mile 69 Kv transmission line and related facilities. The facilities were to include a new substation to serve Southern Chips, Inc., a new customer on First Electric's system.

Upon investigation, Staff determined that the line was necessary to maintain service quality for existing customers. Staff also found that existing customers would not be required to bear the cost of these essentially dedicated facilities. After a hearing on September 12, an Order was issued approving First Electric's Application.

89-153-U EMPIRE DISTRICT ELECTRIC COMPANY

Empire District Electric Company applied for authority to issue and sell up to $45,000,000 of its first mortgage bonds. The Staff evaluated the request and filed testimony recommending approval. Order No. 2, issued October 18, 1989, granted the request.

89-160-U ARKANSAS POWER AND LIGHT COMPANY

As the result of a settlement reached in FERC Docket Nos. FA86-19-002, et al., Arkansas Power & Light Company (AP&L) filed an Application requesting to refund $13,434,674 to its Arkansas retail customers. After a hearing on September 25, 1989, the Commission ordered AP&L to refund the money through a credit on customer bills, as recommended by Staff. In addition, the Commission directed that each customer's refund be determined by the amount of electricity used during the

12-month period ended August 31, 1989. The Commission further directed that the credit include interest paid at an annual rate of 9.75% from August 7, 1989, and a credit for sales and franchise tax.

89-164-U ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company applied for a Certificate of Convenience and Necessity to own, construct, operate and maintain a 115 KV transmission line between McNeil and Magnolia. The cost and need for the line were not disputed in the hearing conducted November 16, 1989, but intervenors objected to the route. The hearing was recessed to consider alternatives.

89-174-U SOUTHWESTERN ELECTRIC POWER COMPANY

Southwestern Electric Power Company (SWEPCO) applied for authority to issue and sell up to $75,000,000 of its first mortgage bonds. The Staff evaluated SWEPCO's request and filed testimony recommending approval. Order No. 2, issued September 29, 1989, granted the requested authority.

89-194-U DISTRIBUTION ELECTRIC COOPERATIVES

As a result of a change in the rural electrification administration's specifications for account 367, underground conductor and devices, the eighteen distribution electric cooperatives jointly requested a revised depreciation rate. The new rate was for underground cable failing to meet the new specifications.

Staff found the cooperatives' request to be reasonable and filed testimony recommending establishment of two new subaccounts with separate depreciation rates. The subaccounts were needed to account separately for investments which met the new specifications and investments which did not meet the new specifications. Order No. 3, issued December 12, 1989, approved the joint Application.

89-256-U OKLAHOMA GAS & ELECTRIC COMPANY

Oklahoma Gas & Electric Company applied for authority to issue $75,000,000 of its first mortgage bonds. The Application is pending before the Commission.

TF DOCKETS

87-166-TF ARKANSAS POWER AND LIGHT COMPANY

In Docket No. 87-166-TF, Arkansas Power & Light Company (AP&L) filed revised decommissioning rate adjustments for the period beginning January 1, 1990, and ending December 31, 1990. The adjustments were filed in accordance with the requirements of Arkansas Nuclear One Decommissioning Cost Rider Rate Schedule M26 and Commission Order No. 5 in Docket No. 87-166-TF. The rate adjustments were based on AP&L's projected 1990 Arkansas retail decommissioning revenue requirement and were calculated using Arkansas retail sales projections for 1990.

Staff filed testimony on November 30, 1989, recommending approval of the rates. Order No. 8, issued on December 1, 1989, approved the decommissioning rates and directed the Company to file various trust fund reports.

88-205-TF MISSISSIPPI COUNTY ELECTRIC COOPERATIVE

Mississippi County Electric Cooperative (Mississippi County) requested a reduction in winter rates for residential and small commercial customers. Because appropriate cost data was not available, Staff asked that Mississippi County withdraw the request until an updated cost of service study could be completed. Mississippi County later withdrew the request.

89-004-TF FIRST ELECTRIC COOPERATIVE CORPORATION

First Electric Cooperative Corporation (First Electric) requested the consolidation of four agricultural water pumping rate schedules into two. The two new rate schedules simplify agricultural rates by implementing a declining block energy rate without a demand charge and by implementing load control credits based only on energy consumption. The new rate schedules are also designed to encourage off-peak usage, which will offset the negligible revenue loss associated with the new schedules.

Staff recommended approval of the schedules on February 7, 1989. Approval was granted on February 8, 1989.

89-021-TF EMPIRE DISTRICT ELECTRIC COMPANY

At Staff's request, Empire District Electric Company (Empire) filed revisions to its fuel adjustment rider. The changes make the rider more descriptive of the Company's fuel adjustment calculations. Testimony was filed by Staff recommending approval of the revisions and a true-up plan. The Commission adopted Staff's recommendations and approved Empire's tariff in Orders dated February 17 and March 21, 1989.

89-025-TF RICELAND ELECTRIC COOPERATIVE CORPORATION

In order to control summer peak wholesale demand costs, Riceland Electric Cooperative Corporation (Riceland) requested changes to its agricultural water pumping rates and its air conditioning and hot water heating credits. Reductions in all three of Riceland's agricultural water pumping rates were approved on May 16, 1989. In addition, increased billing credits were approved which provide incentives for customers to control their air conditioning and water heating peak usage.

89-027-TF ARKANSAS ELECTRIC COOPERATIVE CORPORATION

Arkansas Electric Cooperative Corporation (AECC) filed an Application on February 3, 1989, asking to revise Rate Schedule 1. The revision excluded customers served under Schedule IC-1 from the determination of the peak hour each month. On February 24, 1989, Staff filed testimony recommending approval. The revised rate schedule was approved on March 3, 1989.

89-055-TF OZARKS ELECTRIC COOPERATIVE CORPORATION

Ozarks Electric Cooperative Corporation (Ozark) filed an Application on March 16, 1989, seeking to add two optional Outdoor Lighting Schedules to its tariffs. Staff filed testimony recommending approval on April 12 and correcting errors on April 14. The Hearing Officer issued an Order approving Ozarks' Application on April 14, 1989.

89-081-TF ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested approval to revise its Rules and Regulations Governing Utility Service by offering a Retirement/Disability Income Plan. The proposed tariff allowed retired or disabled customers to change their billing due dates to the dates they receive monthly income checks.

At the request of Staff, AP&L filed a revised tariff which provided additional information to customers. Staff then filed testimony recommending approval of the revised Plan. Order No. 1, issued May 26, 1989, approved the revised tariff.

89-102-TF/U-2811 ARKANSAS ELECTRIC COOPERATIVE CORPORATION

After a Staff examination which led to a show cause action to reduce rates, Arkansas Electric Cooperative Corporation (AECC) proposed an immediate temporary reduction of 3.5 mills per kilowatt hour in its wholesale power rates. On June 6, 1989, the Commission approved a permanent wholesale rate reduction and ordered each of the seventeen member cooperatives to file a plan proposing appropriate retail treatment of the AECC reduction.

Sixteen of the seventeen distribution cooperatives served by AECC proposed to flow-through a wholesale rate reduction in the form of reduced charges to their retail customers. Thirteen elected to flow the reduction through the monthly energy adjustment factor. Three other cooperatives, Ashley - Chicot, Mississippi County, and Riceland, chose to permanently reduce their base energy rate schedules. Because of its poor financial condition, the Commission accepted Woodruff Electric's proposal to make no reduction in its retail charges.

89-107-TF OUACHITA ELECTRIC COOPERATIVE CORPORATION

Ouachita Electric Cooperative Corporation (Ouachita) filed an Application on May 25, 1989, asking to revise its Commercial and Industrial Rate Schedules. The requested revisions removed the demand charge from the Commercial Rate and reduced the ratchet on the Industrial Rate. Staff filed testimony on June 20 recommending approval. The Hearing Officer's Order on June 22 granted Ouachita's request.

89-108-TF CARROLL ELECTRIC COOPERATIVE CORPORATION

On May 25, 1989, Carroll Electric Cooperative Corporation (Carroll) requested approval of an Agreement for Electric Service between Carroll and Bekaert Steel Corporation. Staff recommended approval for two reasons. First, because the proposed rates would make a contribution to Carroll's fixed costs. Second, because operational benefits would result from adding new load to the system. The Commission found the Agreement to be in the public interest and granted approval on September 27, 1989.

89-112-TF ARKANSAS POWER AND LIGHT COMPANY

On June 2, 1989, Arkansas Power and Light Company (AP&L) filed a proposed Agreement for Electric Service applicable to Willamette Industries, Inc. (Willamette). The Agreement included rates which were competitive with Willamette's cogeneration alternative. The rates were negotiated by AP&L to defer Willamette's construction and operation of an on-site facility. A substantial portion, if not all, of the electricity currently purchased from AP&L would have been displaced by the on-site facility. Because the loss of the Willamette load and its current contribution to AP&L's fixed costs would have adversely affected other ratepayers, the Commission approved the Agreement on September 8, 1989.

89-116-TF WOODRUFF ELECTRIC COOPERATIVE CORPORATION

On June 6, 1989, Woodruff Electric Cooperative Corporation (Woodruff) filed a revised energy cost adjustment tariff which changed the embedded energy cost in its retail rates. The purpose of the change was to retain the 3.5 mill per kilowatt hour decrease in the cost of energy purchased from Arkansas Electric Cooperative Corporation.

Because Woodruff's net earnings for the past five years had been substantially below the level established by the Commission, a reduction in its retail charges would have been detrimental to its financial condition. On June 19, 1989, Staff filed testimony recommending approval of the revised energy cost adjustment. Woodruff's request was granted by Commission Order on June 26, 1989.

89-134-TF ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested approval of new customer deposit requirements reflecting a maximum deposit of the average billing for two months. At the request of Staff, AP&L filed a revised version of the proposed tariff which included additional information detailing the calculation method. Staff then filed testimony stating that the revised tariff was in compliance with the Commission's General Service Rules and recommending approval. Order No. 1, issued July 19, 1989, approved the revised tariff.

89-141-TF CARROLL ELECTRIC COOPERATIVE CORPORATION

Carroll Electric Cooperative Corporation (Carroll) applied for approval to revise: (1) its Service Rules and Regulations; (2) its Schedule of Fees and Charges; and, (3) its General Information to Customers. The revisions reflected a procedural change for Carroll - meters read by a contract meter reader rather than by members.

At the request of the Staff, Carroll revised its Application to include an explanation of procedures for estimating bills and for obtaining meter readings. Staff then filed testimony recommending approval of the revised tariff. Order No. 1, issued August 19, 1989, approved the Application as revised.

89-147-TF ARKANSAS POWER AND LIGHT COMPANY

On July 28, 1989, Arkansas Power & Light Company (AP&L) filed a final update to Tax Adjustment Rider - M38. On August 14, 1989, rate adjustments reflecting reduced income tax expenses of $30,822,000 were approved. The adjustments are to be applied to bills issued September 1, 1989, through August 31, 1990.

Beginning September 1, 1990, an annual reduction of $38,394,000 in the base revenue requirement will be credited to AP&L customers. This annual credit will remain in effect until new general tariffs incorporating the current 34% federal income tax rate are approved.

89-208-TF ARKANSAS POWER AND LIGHT COMPANY

The fourth annual update to Arkansas Power & Light Company's (AP&L) Grand Gulf Rider - M33 was filed on November 1, 1989. On December 22, 1989, the parties filed a Joint Stipulation defining the allocation of unrealized tax benefits when AP&L is in a net operating loss condition. Along with the Stipulation, the parties filed a revised tariff which reduced the proposed true-up of carrying charges on the Deferred Balance by 50%.

On December 22, 1989, the Commission approved the Stipulation and the revised tariff. The rates will be effective for the period January 1 - December 31, 1990.

89-221-TF MISSISSIPPI COUNTY ELECTRIC COOPERATIVE

Mississippi County Electric Cooperative filed a tariff requesting a rate reduction applicable to Rate Schedules 1, 2, & 4. Staff reviewed the tariff and found that the proposed rate reduction of $173,045 was warranted and would not be detrimental to the Cooperative.

Staff filed testimony requesting approval of the rate reduction. The proposed tariff was approved by the Commission on December 19, 1989.

C DOCKETS

87-131-C DARRELL E. AND JEAN W. COREY VS. NORTH ARKANSAS ELECTRIC COOPERATIVE

The Complainants disputed the charge for connection of service to their mobile home. The Staff investigated the Complaint and filed testimony recommending that North Arkansas Electric Cooperative's (North Arkansas) line extension tariff be revised. Staff also recommended that the Complainants be extended service as a permanent residence.

Order No. 5, issued November 17, 1987, required North Arkansas to provide service to the Complainants within five days of the payment of necessary fees. In addition, North Arkansas was required to revise their line extension tariff for mobile homes.

North Arkansas requested and was granted a rehearing. Order No. 9, issued December 10, 1987, affirmed the Commission's prior Order.

On May 4, 1989, North Arkansas filed a revised tariff as required by the Commission. Staff filed testimony recommending approval. Order No. 14 approved the revised tariff on May 4, 1989.

Section 7. Electric Industry Summary

87-136-C DARLINE WOLVERTON VS. CLAY COUNTY ELECTRIC COOPERATIVE

In response to the petition of 406 dissatisfied Clay County Electric Cooperative (Clay County) customers, this Docket was established to investigate and resolve their complaints. On May 6, 1988, Order No. 2 directed Clay County to furnish periodic progress reports on projects it initiated to resolve the Complaint.

On August 10, 1989, Staff filed testimony assessing Clay County's compliance with Commission Order No. 2. The testimony also described a need for further investigation. Staff Report No. 1 was filed August 28, 1989, and Staff Report No. 2 on September 12, 1989. The Complaint is pending before the Commission.

88-001-C DARYL L. KELLEBREW VS. C & L ELECTRIC COOPERATIVE CORPORATION

Mr. Kellebrew complained that he experienced meter trouble on numerous occasions during the October, 1987 billing period. He believed the problem to be the fault of C & L Electric Cooperative Corporation (C & L).

At the Complainant's request, the hearing was postponed. The Complainant was to contact the Commission and give a date when the hearing could be rescheduled.

One year passed without the Complainant responding to requests to indicate his intentions. As a result, C & L requested that the Complaint be dismissed. Order No. 6, issued May 23, 1989, dismissed the Complaint.

88-078-C DALLAS G. FUNNELL VS. ARKANSAS POWER AND LIGHT COMPANY

The Complainant disputed an abnormally high bill and contended that Arkansas Power & Light Company (AP&L) was not cooperating with efforts to resolve the dispute. The Staff and AP&L tested the Complainant's electric meter and found it to be accurate.

Staff filed testimony presenting both the result of its investigation and the result of the isolation meter test of the Complainant's two furnaces. Order No.5, issued June 30, 1989, ruled that the Complainant was not entitled to any adjustment on the disputed bill and dismissed the Complaint.

88-112-C GLEN & JUDI HOUSE VS. SOUTHWEST ARKANSAS ELECTRIC COOPERATIVE CORPORATION

The Complainants claimed they were overcharged for electric usage in April and May of 1988 because of a meter malfunction. The Staff investigated the Complaint and filed testimony regarding the accuracy of the Complainants' meter.

Order No. 3, issued February 14, 1989, ruled that the Complainants could not prove any malfunction of their meter and dismissed the Complaint.

88-172-C W.D. BURTON VS. ARKANSAS POWER AND LIGHT COMPANY

The Complainant alleged that he was overcharged for electrical usage during a three-month period. The overcharge was attributed to meter readings and billing errors committed by Arkansas Power & Light Company (AP&L). He also alleged that AP&L both misinformed and discriminated against him in handling his complaint and his request for a billing adjustment. The Staff investigated the Complaint and filed testimony covering AP&L's compliance with Commission Rules and AP&L's approved tariffs.

In Order No. 3, issued September 20, 1989, the Commission found that the Complainant was not entitled to a refund. However, AP&L was directed in the Order to review its billing practices and procedures. The purpose of the review was to ensure that all AP&L customer service personnel were well informed about the Commission's General Service Rules and AP&L's own tariffs. The Staff later reviewed the steps taken by AP&L for compliance with the Commission's directive.

88-182-C NEVADA SCHOOL DISTRICT #1 VS. SOUTH CENTRAL ARKANSAS ELECTRIC COOPERATIVE

Nevada School District #1 consolidated schools and delayed shut-off of electricity to abandoned buildings. In a Complaint to the Commission, the School District later claimed that South Central Arkansas Electric Cooperative (South Central) overcharged for the demand charge during the period between the consolidation and the shut-off.

Staff investigated the Complaint and filed testimony regarding compliance with Commission Rules and South Central's approved tariffs. Order No. 3, issued May 4, 1989, ruled that the Complainant was not entitled to a refund and dismissed the case.

89-023-C KAREN AND DAVID MILLER VS. C & L ELECTRIC COOPERATIVE CORPORATION

The Complainants disputed C&L Electric Cooperative Corporation's (C&L) termination of their service. The dispute existed because the Complainants believed they had notified C & L regarding a Delayed Payment Agreement. The Complainants sought a refund of the twenty dollar reconnect fee and an Order for C & L to work with them in the future if the need for a Delayed Payment Agreement should arise.

Staff investigated the Complaint and

filed testimony presenting the results. Order No. 4, issued May 24, 1989, granted the relief sought by the Complainants.

89-031-C DAVID SMITH & MONROE SMITH VS. CRAIGHEAD ELECTRIC COOPERATIVE CORPORATION AND ARKANSAS POWER AND LIGHT COMPANY

The Complainants requested both a release of their farm property from Craighead Electric Cooperative Corporation's (Craighead) service territory and a reallocation of the property to Arkansas Power & Light Company's (AP&L's) service territory. The Complainants contended that Craighead's facilities were constructed at irregular angles across their property and that the construction interfered with the aerial Application of chemicals. Order No. 4, issued October 19, 1989, dismissed the Complaint.

89-061-C REX A. TAYLOR VS. CRAIGHEAD ELECTRIC COOPERATIVE CORPORATION

The Complainant requested that Craighead Electric Cooperative Corporation (Craighead) move utility poles located on his farm land. Craighead agreed, provided the Complainant paid relocation charges. The Complainant alleged that the charges were unreasonable and that Craighead did not have an easement on his land.

The Staff investigated the Complaint and filed testimony on the appropriateness of the charges. Order No. 4, issued September 28, 1989, ruled that the Complainant was not a former, current, or prospective customer of Craighead and that the Commission was without jurisdiction to adjudicate the Complaint. The Complaint was dismissed.

89-075-C FLORENCE M. GIBSON VS. ARKANSAS POWER AND LIGHT COMPANY

The Complainant alleged an overcharge for electric service. The Staff reviewed the Complaint and filed testimony regarding service quality and billing. The Complainant failed to appear for the hearing, and Order No. 3, issued June 29, 1989, dismissed the Complaint.

89-080-C WANDA FRYER GREGORY VS. ARKANSAS POWER AND LIGHT COMPANY

The Complainant charged that, on numerous occasions, Arkansas Power & Light Company (AP&L) had refused to reconnect service at the requested address. The Staff investigated the Complaint and filed testimony regarding AP&L's compliance with Commission Rules and AP&L's approved tariffs.

The hearing, set for July 11, 1989, was continued pending a response from the Complainant. The Complainant did not respond to interrogatories and requests for production of documents. Order No. 4, issued October 5, 1989, dismissed the Complaint for failure to prosecute.

A DOCKETS

88-154-A FIRST ELECTRIC COOPERATIVE CORPORATION

First Electric Cooperative Corporation's request for approval to serve a customer in Arkansas Power & Light Company's service territory was granted. Order No. 1, issued November 7, 1988, authorized a customer release only, and did not authorize any change in allocated service territory.

88-155-A ARKANSAS VALLEY ELECTRIC COOPERATIVE CORPORATION AND SOUTHWESTERN ELECTRIC POWER COMPANY

Arkansas Valley Electric Cooperative Corporation and Southwestern Electric Power Company requested authority to exchange certain service territory. Order No. 1, issued November 8, 1989, authorized the exchange of territory. The Order also amended the companies' Certificates of Public Convenience and Necessity to reflect the new service area boundaries.

88-162-A SOUTH CENTRAL ARKANSAS ELECTRIC COOPERATIVE

South Central Arkansas Electric Cooperative Corporation's request for approval to release a customer to Arkansas Power & Light Company was granted. Order No. 1, issued December 20, 1989, authorized a customer release only, and did not authorize any change in allocated service territory.

88-190-A EMPIRE DISTRICT ELECTRIC COMPANY

Empire District Electric Company (Empire) requested a protective order of limited disclosure. Empire sought the order to protect certain information requested by the Staff during a fuel adjustment audit. Order No. 1, issued December 13, 1988, approved limited disclosure of the information. Order No. 2, issued May 24, 1989, closed the Docket.

88-202-A CRAIGHEAD ELECTRIC COOPERATIVE CORPORATION

Craighead Electric Cooperative Corporation (Craighead) requested authority to release a customer to Jonesboro City Water & Light. Craighead subsequently withdrew the request, and Order No. 1, issued October 20, 1989, closed the Docket.

Section 7. Electric Industry Summary

89-019-A ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested approval to serve two customers located in South Central Arkansas Electric Cooperative, Inc.'s (South Central) allocated service territory. South Central agreed to release the customers to AP&L.

The Staff filed testimony recommending that AP&L's request be approved. Order No. 1, issued February 23, 1989, authorized customer releases only and did not authorize any change in allocated service territory.

89-042-A SOUTHWESTERN ELECTRIC POWER COMPANY

Southwestern Electric Power Company (SWEPCO) applied for authority to serve a portion of Hope Water & Light Commission's (Hope) territory. Hope agreed to release the territory to SWEPCO.

Staff filed testimony recommending that the request be approved. Order No. 1, issued May 11, 1989, approved the Application and served as evidence of the amendment to SWEPCO's Certificate of Convenience and Necessity.

89-056-A FIRST ELECTRIC COOPERATIVE CORPORATION

First Electric Cooperative Corporation (First Electric) requested approval to serve a customer located in Arkansas Power & Light Company's (AP&L) allocated service territory. AP&L agreed to release the customer to First Electric.

The Staff filed testimony recommending that First Electric's request be approved. Order No. 1, issued May 10, 1989, authorized a customer release only and did not authorize any change in the allocated service territory.

89-059-A FIRST ELECTRIC COOPERATIVE CORPORATION

First Electric Cooperative Corporation (First Electric) requested approval to serve a customer located in Riceland Electric Cooperative Corporation's (Riceland) allocated service territory. Riceland agreed to release the customer to First Electric.

The Staff filed testimony recommending that First Electric's request be approved. Order No. 1, issued May 12, 1989, authorized a customer release only and did not authorize any change in allocated service territory.

89-101-A ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested approval to serve a customer located in Craighead Electric Cooperative Corporation's (Craighead) allocated service territory. Craighead agreed to release the customer to AP&L.

Staff filed testimony recommending that AP&L's request be approved. Order No. 1, issued June 9, 1989, authorized a customer release only and did not authorize any change in allocated service territory.

89-117-A ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested approval to serve a customer located in South Central Arkansas Electric Cooperative's (South Central) allocated service territory. South Central agreed to release the customer to AP&L.

The Staff filed testimony recommending that AP&L's request be approved. Order No. 1, issued June 21, 1989, authorized a customer release only and did not authorize any change in allocated service territory.

89-120-A ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested approval to serve a customer located in South Central Arkansas Electric Cooperative's (South Central) allocated service territory. South Central agreed to release the customer to AP&L.

The Staff filed testimony recommending that AP&L's request be approved. Order No. 1, issued June 30, 1989, authorized a customer release only and did not authorize any change in allocated service territory.

89-123-A ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested approval to serve a customer located in South Central Arkansas Electric Cooperative's (South Central) allocated service territory. South Central agreed to release the customer to AP&L.

The Staff filed testimony recommending that AP&L's request be approved. Order No. 1, issued July 25, 1989, authorized a customer release only and did not authorize any change in allocated service territory.

89-129-A ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company (AP&L) requested approval to serve a customer located in South Central Arkansas Electric Cooperative's (South Central) allocated service territory. South Central agreed to release the customer to AP&L.

The Staff filed testimony recommending that AP&L's request be approved. Order No. 1, issued August 11, 1989, authorized a customer release only and did not authorize any change in allocated service territory.

89-131-A SOUTHWESTERN ELECTRIC POWER COMPANY

Southwestern Electric Power Company (SWEPCO) requested approval to serve a customer located in Carroll Electric Cooperative Corporation's (Carroll) allocated service territory. Carroll agreed to release the customer to SWEPCO.

The Staff filed testimony recommending that SWEPCO's request be approved. Order No. 1, issued August 15, 1989, authorized a customer release only and did not authorize any change in allocated service territory.

89-169-A ARKANSAS POWER AND LIGHT COMPANY

Arkansas Power & Light Company's request for approval to release a customer to First Electric Cooperative corporation was granted. Order No. 1, issued October 3, 1989, authorized a customer release only, and did not authorize any change in allocated service territory.

89-217-A ARKANSAS POWER AND LIGHT COMPANY AND RICH MOUNTAIN ELECTRIC COOPERATIVE CORPORATION

Arkansas Power & Light Company's request for approval to serve a customer in Rich Mountain Electric Cooperative Corporation's service territory was granted. Order No. 1, issued December 11, 1989, authorized a customer release only, and did not authorize any change in allocated service territory.

89-263-A ARKANSAS POWER AND LIGHT COMPANY AND SOUTH CENTRAL ARKANSAS ELECTRIC COOPERATIVE

Arkansas Power & Light Company requested approval to serve a customer in South Central Arkansas Electric Cooperative's service territory. The request is pending before the Commission.

F DOCKETS

81-071-F SOUTHWESTERN ELECTRIC POWER COMPANY

On December 4, 1989, Southwestern Electric Power Company (SWEPCO) filed a revised Purchased Power Service tariff. The revised tariff applies to small power production and cogeneration facilities of 100 Kilowatts or less and reflects the prices SWEPCO will pay for energy delivered into its system in 1990. The Commission approved the tariff in Order No. 24, issued on December 12, 1989.

Section 7. Electric Industry Summary

DOCKETS ON APPEAL FROM THE COMMISSION

U DOCKETS

88-193-U GREAT LAKES CARBON CORPORATION VS. ARKANSAS PUBLIC SERVICE COMMISSION, ET AL.

ARKANSAS COURT OF APPEALS NO. CA89-272

On December 8, 1988, Great Lakes Carbon Corporation (GLCC) filed a Petition for Declaratory Order in Docket 88-193-U. The Petition requested that the Commission enter an order declaring that GLCC has a legal right to obtain electric service from Oklahoma Gas and Electric Company (OG&E). On February 1, 1989, Staff filed a Motion for Summary Declaratory Order requesting that the Commission enter an order dismissing GLCC's petition and declaring that OG&E is prohibited from providing electric service to GLCC. On April 5, 1989, the Administrative Law Judge entered Order No. 6 granting Staff's Motion and dismissing the Petition. On May 5, 1989, the Commission entered Order No. 7, affirming without modification Order No. 6. On June 16, 1989, the Commission entered Order No. 8 denying GLCC's Petition for Rehearing. On July 3, 1989, GLCC filed a Notice of Appeal with the Arkansas Court of Appeals. The parties are currently in the process of filing briefs.

TD DOCKETS

87-111-TD ARKANSAS ELECTRIC COOPERATIVE CORPORATION

On July 10, 1987, Arkansas Electric Cooperative Corporation (AECC) petitioned the Commission for a review of its Tax Division assessment for 1987. Following a hearing and the submission of briefs, the Administrative Law Judge (ALJ) issued an Order on February 14, 1988, affirming the assessment. On March 9, 1988, AECC filed objections to the ALJ's Order; on March 21, 1988, Staff filed its response to those objections. On May 17, 1988, the Commission issued an Order granting reconsideration. On March 14, 1989, the Commission denied rehearing.

On May 27, 1989, AECC filed a Petition for Review with the Pulaski County Circuit Court (No. 89-1886) pursuant to Ark. Code Ann. Section 26-24-123. On August 25, 1989, a pre-trial conference was held to discuss AECC's assertion that it is entitled to a trial "de novo" pursuant to ACA Section 26-24-123. That assertion is currently under review by Circuit Judge Lessenberry.

Section 8. Telecommunications Industry Summary

A. Highlights of 1989

Within the state, the telecommunications industry faced a number of issues. The issues include the introduction of enhanced services, the state-wide appearance of Alternative Operator Services, the introduction of WATS-like services by many interexchange carriers, and traditional issues associated with rate filings.

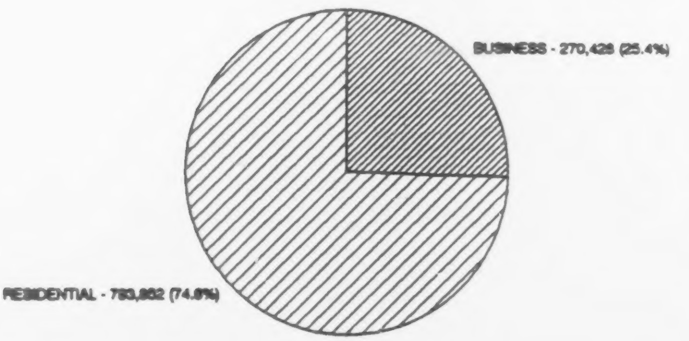
The Commission continued its investigation and evaluation of the Alternative Operator Services (AOS) industry during 1989. Three AOS companies were found to be operating in the state without the approval of the Commission. Refunds of the monies collected by those companies for intrastate service were gained for Arkansas ratepayers.

The Commission also approved new minimum filing requirements for both Class A and Class B telecommunications companies. It is hoped that the regulatory process will move more smoothly now for the companies, to the benefit of both consumers and the Commission.

Rules for the intrastate cellular mobile industry and other competitive service providers were also proposed by the Commission Staff in 1989. Those Rules are under consideration by the Commission at this time.

B. Access Lines by Class

The pie chart which follows is a graphic representation of the number of access lines, by category, at the end of 1988. Total access lines on December 31, 1988 were 1,064,280. Of that total, 74.6% were Residential and 26.4% were business lines. Residential Access Lines increased from 777,432 at the end of 1987 to 793,852 at the end of 1988. Business lines increased from 231,681 in 1987 to 270,428 at the end of 1988.



ACCESS LINES - RESIDENTIAL & BUSINESS

December 31, 1988

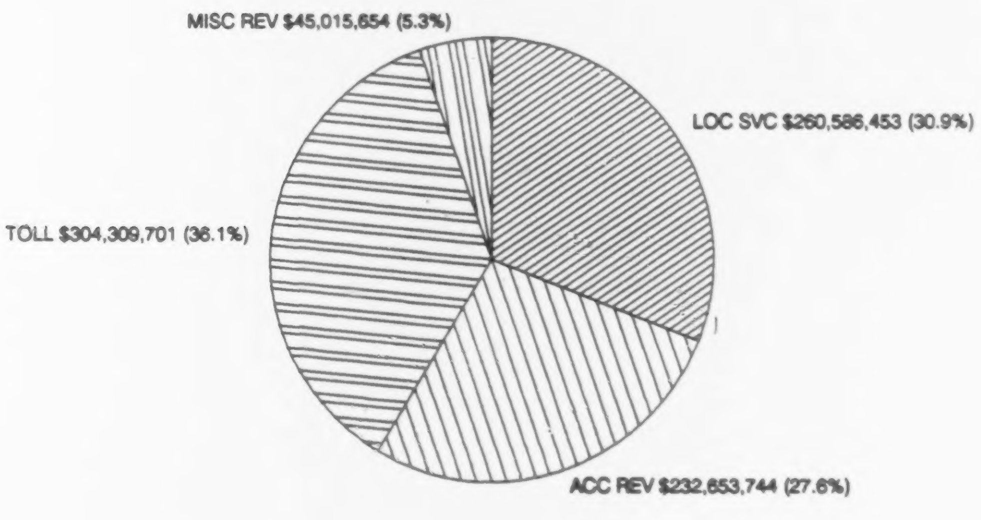
Section 8. Telecommunications Industry Summary

C. Telephone Revenues by Category

The following pie chart depicts the various revenue sources for the local exchange companies and AT&T during 1988. Total telephone industry revenues in Arkansas for 1988 were $842,646,552. Toll revenue made up approximately 36% of that total or $304,309,701. Access charges generated revenues of $232,653,744 and were shared by all companies except AT&T. Local service revenue for the year was $260,586,453. The industry also had Miscellaneous Revenues of $45,015,654 in 1988.

TELEPHONE REVENUES BY CATEGORY

FOR 1988



Section 8 . Telecommunications Industry Summary

D. Statistical Summaries for Telecommunications

TELEPHONE COMPANIES-ARKANSAS ONLY
PLANT INVESTMENT; OPERATING REVENUES
YEAR ENDED DECEMBER 31, 1988

COMPANY	PLANT INVESTMENT	OPERATING REVENUES	RATIO(%) GROSS REV. /INVEST.
AT&T COMM. OF THE S.W.	$64,010,932	$165,303,594	253.37%
ALLTEL ARKANSAS, INC.	154,311,281	44,333,975	28.69
ARKANSAS TELEPHONE CO.	10,171,879	3,025,984	29.39
CADDOAN TELEPHONE CO.	156,788	158,899	88.90
CENTRAL ARK. TEL. COOP.	4,711,527	985,742	20.70
CLEVELAND COUNTY TEL. CO.	6,868,644	1,913,332	27.79
CONTINENTAL TEL. CO. OF ARK.	130,915,895	54,293,321	40.99
CONTINENTAL TEL. CO. OF MO.	1,600,362	841,767	52.10
DECATUR TELEPHONE CO.	1,962,681	743,676	37.87
GEN. TEL. CO. OF THE S.W.	157,418,882	50,498,144	31.78
LAVACA TELEPHONE CO.	1,403,794	619,202	44.11
LIBERTY TEL. & COMMUNICATIONS	27,543,669	9,482,293	34.37
MADISON COUNTY TEL. CO.	5,065,171	1,342,518	26.25
MAGAZINE TEL. CO.	1,111,262	399,209	35.76
MOUNTAIN HOME TEL. CO.	23,391,671	7,817,954	33.40
MOUNTAIN VIEW TEL. CO.	5,481,365	2,135,373	38.96
NORTHERN ARK. TEL. CO.	6,860,870	2,863,852	41.34
PERCO TELEPHONE CO.	5,792,759	1,622,869	28.01
PRAIRIE GROVE TEL. CO.	10,802,267	3,477,405	32.08
REDFIELD TELEPHONE CO.	3,359,108	1,283,772	37.69
RICE BELT TEL. CO.	1,914,255	622,786	32.38
E. RITTER TELEPHONE CO.	7,176,251	2,332,368	36.91
SOUTH ARKANSAS TEL. CO.	6,565,622	1,714,540	26.00
SOUTHWEST ARK. TEL. COOP.	11,267,230	2,268,862	20.08

Section 8. Telecommunications Industry Summary

TELEPHONE COMPANIES-ARKANSAS ONLY
PLANT INVESTMENT; OPERATING REVENUES
YEAR ENDED DECEMBER 31, 1988

COMPANY	PLANT INVESTMENT	OPERATING REVENUES	RATIO(%) GROSS REV. /INVEST.
SOUTHWESTERN BELL TEL. CO.	1,478,210,352	455,181,288	30.60
TRI-COUNTY TELEPHONE CO.	13,047,958	2,544,080	19.30
UNION TELEPHONE CO., INC.	2,098,747	612,104	29.12
UNITED TELEPHONE CO. OF ARK.	21,772,151	7,442,198	33.88
WALNUT HILL TELEPHONE CO.	13,571,742	4,981,133	36.49
YELCOT TELEPHONE CO.	6,975,981	1,984,531	28.32
YELL COUNTY TELEPHONE CO.	8,129,304	2,126,897	26.10
TOTALS	$2,193,670,400	$834,953,668	38.06%

Section 8. Telecommunications Industry Summary

TELEPHONE COMPANIES - ARKANSAS ONLY
ACCESS LINES
YEAR ENDED DECEMBER 31, 1988

COMPANY		ACCESS LINES
AT&T COMMUNICATIONS OF THE S. W.	BUSINESS	NA
	RESIDENTIAL & RURAL	NA
	TOTAL	NA
ALLTEL ARKANSAS, INC.	BUSINESS	13,024
	RESIDENTIAL & RURAL	58,180
	TOTAL	71,204
ARKANSAS TELEPHONE CO.	BUSINESS	900
	RESIDENTIAL & RURAL	4,721
	TOTAL	5,621
CADDOAN TELEPHONE CO.	BUSINESS	35
	RESIDENTIAL & RURAL	250
	TOTAL	285
CENTRAL ARK. TEL. COOP.	BUSINESS	218
	RESIDENTIAL & RURAL	1,874
	TOTAL	2,092
CLEVELAND COUNTY TEL. CO.	BUSINESS	184
	RESIDENTIAL & RURAL	2,145
	TOTAL	2,329
CONTINENTAL TEL. CO. OF ARK.	BUSINESS	13,210
	RESIDENTIAL & RURAL	60,858
	TOTAL	74,068

Section 8 . Telecommunications Industry Summary

TELEPHONE COMPANIES - ARKANSAS ONLY
ACCESS LINES
YEAR ENDED DECEMBER 31, 1988

COMPANY		ACCESS LINES
CONTINENTAL TEL. CO. OF MO.	BUSINESS	137
	RESIDENTIAL & RURAL	811
	TOTAL	948
DECATUR TELEPHONE CO.	BUSINESS	168
	RESIDENTIAL & RURAL	573
	TOTAL	741
GEN. TEL. CO. OF THE S.W.	BUSINESS	20,807
	RESIDENTIAL & RURAL	57,945
	TOTAL	78,752
LAVACA TELEPHONE CO.	BUSINESS	115
	RESIDENTIAL & RURAL	1,034
	TOTAL	1,149
LIBERTY TEL. & COMMUNICATIONS	BUSINESS	2,102
	RESIDENTIAL & RURAL	11,138
	TOTAL	13,240
MADISON COUNTY TEL. CO.	BUSINESS	574
	RESIDENTIAL & RURAL	2,027
	TOTAL	2,601
MAGAZINE TEL. CO	BUSINESS	73
	RESIDENTIAL & RURAL	683
	TOTAL	756

Section 8. Telecommunications Industry Summary

TELEPHONE COMPANIES - ARKANSAS ONLY
ACCESS LINES
YEAR ENDED DECEMBER 31, 1988

COMPANY		ACCESS LINES
MOUNTAIN HOME TEL. CO.	BUSINESS	2,669
	RESIDENTIAL & RURAL	11,715
	TOTAL	14,384
MOUNTAIN VIEW TEL. CO.	BUSINESS	848
	RESIDENTIAL & RURAL	3,461
	TOTAL	4,309
NORTHERN ARK. TEL. CO.	BUSINESS	623
	RESIDENTIAL & RURAL	4,213
	TOTAL	4,836
PERCO TELEPHONE CO.	BUSINESS	366
	RESIDENTIAL & RURAL	2,682
	TOTAL	3,048
PRAIRIE GROVE TEL. CO.	BUSINESS	946
	RESIDENTIAL & RURAL	5,369
	TOTAL	6,315
REDFIELD TELEPHONE CO.	BUSINESS	135
	RESIDENTIAL & RURAL	1,176
	TOTAL	1,311
RICE BELT TEL. CO.	BUSINESS	282
	RESIDENTIAL & RURAL	750
	TOTAL	1,032

Section 8 . Telecommunications Industry Summary

TELEPHONE COMPANIES - ARKANSAS ONLY
ACCESS LINES
YEAR ENDED DECEMBER 31, 1988

COMPANY		ACCESS LINES
E. RITTER TELEPHONE CO.	BUSINESS	531
	RESIDENTIAL & RURAL	3,330
	TOTAL	3,861
SOUTH ARKANSAS TEL. CO.	BUSINESS	520
	RESIDENTIAL & RURAL	2,742
	TOTAL	3,262
SOUTHWEST ARK. TEL. COOP.	BUSINESS	304
	RESIDENTIAL & RURAL	3,740
	TOTAL	4,044
SOUTHWESTERN BELL TEL. CO.	BUSINESS	206,822
	RESIDENTIAL & RURAL	525,497
	TOTAL	732,319
TRI-COUNTY TELEPHONE CO.	BUSINESS	505
	RESIDENTIAL & RURAL	4,202
	TOTAL	4,707
UNION TELEPHONE CO., INC.	BUSINESS	88
	RESIDENTIAL & RURAL	515
	TOTAL	603
UNITED TEL. CO. OF ARK.	BUSINESS	2,771
	RESIDENTIAL & RURAL	12,833
	TOTAL	15,604

Section 8 . Telecommunications Industry Summary

TELEPHONE COMPANIES - ARKANSAS ONLY
ACCESS LINES
YEAR ENDED DECEMBER 31, 1988

COMPANY		ACCESS LINES
WALNUT HILL TELEPHONE CO.	BUSINESS	611
	RESIDENTIAL & RURAL	3,705
	TOTAL	4,316
YELCOT TELEPHONE CO.	BUSINESS	277
	RESIDENTIAL & RURAL	2,204
	TOTAL	2,481
YELL COUNTY TELEPHONE CO.	BUSINESS	583
	RESIDENTIAL & RURAL	3,479
	TOTAL	4,062
	TOTAL ACCESS LINES IN ARK.	1,064,280

E. Telecommunications Docket Activity Summary

DOCKETS BEFORE THE COMMISSION

U DOCKETS

84-033-U GTE OF THE SOUTHWEST, INC. (TEXARKANA)

GTE of the Southwest, Inc. (GTESW) asked to change their Texarkana, Arkansas rates to the same rates approved by the Texas Public Utilities Commission for Texarkana, Texas. A hearing was held in July, 1989, and Order No. 9, dated July 17, 1989, approved the request.

84-086-U COMPUTE-A-CALL

Compute-A-Call was granted an interim Certificate of Convenience and Necessity (CCN) to operate as an interexchange carrier in this Docket. The Docket remains open to allow the carrier to amend its tariffs to reflect either changes in rates or the introduction of new services. Compute-A-Call requested a number of revisions during 1989. All have been approved by the Commission.

84-114-U US SPRINT

US Sprint was granted an interim Certificate of Convenience and Necessity (CCN) to operate as an interexchange carrier in this Docket. The Docket remains open to allow the carrier to amend its tariffs to reflect either changes in rates or the introduction of new services. US Sprint requested several revisions during 1989. All have been approved by the Commission.

84-172-U MCI

In this Docket, MCI was granted an interim Certificate of Convenience and Necessity (CNN) to operate as an interexchange carrier. The Docket remains open to allow the carrier to amend its tariffs to reflect either changes in rates or the introduction of new services. All of the revisions requested by MCI have been approved. Order No. 22 approved the most recent tariff revisions making them effective pending adoption of Commission rules and regulations regarding competitive telephone toll service.

84-237-U AMERICAN TELEPHONE & TELEGRAPH CO.

American Telephone & Telegraph Company (AT&T) filed a Petition for Declaratory Relief. The Petition requested a ruling from the Commission that a particular equity infusion transacted by AT&T did not require PSC approval. On March 21, 1989, the Commission issued an Order finding that prior Commission approval of the transaction was not required.

Section 8. Telecommunications Industry

86-185-U YOUR LONG DISTANCE CONNECTION

In this Docket, Your Long Distance Connection (Company) was granted an interim Certificate of Convenience and Necessity (CCN) to operate as an interexchange carrier in the State of Arkansas. The Docket remains open to allow the carrier to amend its tariffs to reflect either changes in rates or the introduction of new services. All of the revisions requested by the Company have been approved. Order No. 5 approved the most recent tariff revisions, making them effective pending adoption of Commission rules and regulations regarding competitive telephone toll service.

86-199-U SATELCO

Satelco was granted interim approval in this Docket for a Certificate of Convenience and Necessity (CCN) to operate as an interexchange carrier. The Docket remains open for the carrier to amend its tariffs during the year to reflect either changes in rates or the introduction of new services. All of the revisions requested by Satelco have been approved. Order No. 15, dated July 21,1989, approved the most recent tariff revisions on an interim basis.

87-023-U McCAW COMMUNICATIONS OF LR AND
88-204-U C.I.S OF PINE BLUFF

Orders in these Dockets granted McCaw Communications of Little Rock and C.I.S of Pine Bluff interim Certificates of Convenience and Necessity to operate as cellular service providers. The Dockets remain open to address tariff changes until rules and regulations governing cellular providers are adopted by the Commission.

87-169-U AMERICAN TELEPHONE & TELEGRAPH

American Telephone & Telegraph (AT&T) applied for authority to provide Custom Network Services, inter- and intra-LATA, in Arkansas. The Docket remains open pending completion of Docket No. 88-091-U.

87-141-U INTERNATIONAL TELECHARGE, INC.

The Application for a Certificate of Convenience and Necessity from International Telecharge, Inc. (I.T.), an alternative operator service provider, was evaluated in this Docket. The Application is now pending before the Commission. On May 10, 1989, I.T. was ordered to cease providing service and to refund monies collected for illegally provided intrastate service.

Section 8. Telecommunications Industry

88-024-U AMERICAN OPERATOR SERVICES

This Docket was established to evaluate the Application of American Operator Services, an alternative operator service provider, for a Certificate of Convenience and Necessity. Discovery is being conducted and the Application is pending before the Commission.

88-031-U CONTEL OF ARKANSAS

Contel of Arkansas (Contel) asked to increase its composite depreciation rate from 6.2% to 8.5%. The major aspects of Contel's request were the use of the remaining life methodology and the appropriate service life estimates for digital central office equipment. The Staff filed testimony recommending a composite depreciation rate of 6.71%. Order No. 5, issued April 14, 1989, adopted Staff's recommended depreciation rates with an effective date of January 1, 1988. The Order also required Contel to file a complete depreciation analysis no later than December 31, 1991, and every three years thereafter unless otherwise ordered by the Commission.

88-146-U SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company requested to complete its five-year phase-in of depreciation rates based on the remaining life methodology as initially set forth in Docket No. 83-045-U. The composite depreciation rate remained at 5.7% and was based on estimated year-end 1988 balances.

Staff recommended the rates be approved on an interim basis, effective January 1, 1989. A true-up based on actual year-end 1988 balances was filed on March 28, 1989. Staff filed testimony recommending that the true-up rates be approved and a rate be established for Account 2426, Intrabuilding Network Cable, in accordance with FCC Part 32 Uniform System of Accounts. The Commission approved Staff's recommendations in Order No. 4, issued December 22, 1988.

88-159-U SOUTHWEST ARKANSAS TELEPHONE COOPERATIVE CORPORATION

This Application from Southwest Arkansas Telephone Cooperative Corporation (SWATC) contained a two-phase request. The first phase was for approval to transfer plant retirements into an Extraordinary Property Loss account. Second, SWATC also requested amortization over ten years of old digital central office equipment (COE) which was replaced by new COE digital equipment. Staff recommended approval of the amortization. Both phases were approved by the Commission.

Section 8. Telecommunications Industry

88-196-U LIBERTY TELEPHONE COMPANY AND LIBERTY TELEPHONE AND COMMUNICATIONS, INC.

Liberty Telephone Company and Liberty Telephone and Communications, Inc. requested to increase their composite depreciation rate from 4.31% to 6.08%. Staff filed testimony recommending that the composite depreciation rate be increased to 6.08%, effective January 1, 1989.

Order No. 3, issued April 25, 1989, adopted the proposed depreciation rate changes. The Order also instructed the companies to adjust their books to reflect the identification of Central Office Equipment reserve balances by plant subaccounts, and to reflect those changes in the annual report filed with the Commission.

88-197-U GTE OF THE SOUTHWEST, INC.

This Docket was established as a result of a Stipulation and Agreement in Docket No. 87-201-U. The purpose of the Docket was the development of a tracking plan designed to identify the investment and expenses associated with GTE of the Southwest Inc.'s, modernization program. The plan is designed to ensure that exchanges which do not have digital switches are not charged for them.

89-005-U TRI J ENTERPRISES

Tri J Enterprises was granted an interim Certificate of Convenience and Necessity (CCN) to operate as an interexchange carrier in this Docket. The Docket remains open to allow the carrier to amend its tariffs to reflect either changes in rates or the introduction of new services.

89-010-U AMERICAN TELENET

The Staff requested an order to appear and show cause why an order should not be entered directing American Telenet to stop providing intrastate telecommunications service and to refund all amounts charged for that service. The Commission issued the Order on March 2, 1989.

After Staff testimony was filed, the Commission held a hearing on the matter. American Telenet was later ordered to stop providing unauthorized service in the State of Arkansas and to refund all intrastate monies collected, plus interest, to those customers.

89-011-U INTERCOM TELECOMMUNICATIONS

At Staff's request, the Commission issued an Order to appear and show cause why an order should not be entered directing Intercom Telecommunications (Company) to stop providing intrastate telecommunications service and to refund all amounts charged for that service.

After Staff testimony was filed, the Commission held a hearing on the matter. The Company was later ordered to stop providing unauthorized service in the State of Arkansas and to refund all intrastate monies collected, plus interest, to those customers.

89-012-U GTE MOBILNET SALES CORPORATION

This Application requested a Certificate of Convenience and Necessity (CCN) for authority to resell cellular mobile radio telecommunications service in the Little Rock Metropolitan Statistical Area. The CCN was granted on an interim basis until rules for competitive carriers are adopted by the Commission.

89-013-U LONG DISTANCE CONNECTION OF NORTH ARKANSAS

This Docket was established to address the request for a Certificate of Convenience and Necessity (CCN) by Long Distance Connection of North Arkansas, an intrastate reseller of long distance service. Long Distance Connection of North Arkansas was granted an interim CCN. The Docket remains open for the carrier to amend its tariffs to reflect either changes in rates or the introduction of new services to its customers.

89-017-U OPTI-NET

Opti-Net, an Alternative Operator Services Company, filed an Application asking for a Certificate of Convenience and Necessity, in this Docket. The Application is pending before the Commission.

89-018-U CALL AMERICA - AEROFONE

This Docket was established to evaluate a joint Application from Call America and Aerofone. The Companies asked approval of a plan to merge their customer bases for the purpose of continuing business as long-distance resellers. The Commission approved the joint Application April 3, 1989.

89-028-U CONTEL/UNITED

This Docket was established to evaluate a request to transfer plant, equipment, and territory of United Telephone Company to Contel Systems of Arkansas. The Commission issued an Order approving the requested transfer on June 6, 1989. The Docket was closed on August 31, 1989.

89-036-U TELESPHERE

Telesphere, an Alternative Operator Services Company, applied for a Certificate of Convenience and Necessity. The Application is pending before the Commission.

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89-041-U NETWORK OPERATOR SERVICES

Network Operator Services, an Alternative Operator Services Company, applied for a Certificate of Convenience and Necessity. The Application is pending before the Commission.

89-045-U PINE BLUFF CELLULAR

This Docket was established to address the request for a Certificate of Convenience and Necessity (CCN) by Pine Bluff Cellular. Pine Bluff Cellular is a non-wireline provider of cellular service in the Pine Bluff Metropolitan Statistical Area. An interim CCN was granted by the Commission. The Docket remains open to address tariff changes until rules and regulations governing cellular providers are adopted by the Commission.

89-049-U SWB - CLEVELAND COUNTY TELEPHONE

A joint Application was filed by Southwestern Bell Telephone Company (SWB) and Cleveland County Telephone Company (Cleveland County). The Application requested a Certificate of Convenience and Necessity to construct new toll facilities between Rison and Pine Bluff. The Application also requested authority to transfer ownership of selected microwave equipment from SWB to Cleveland County. The Application was approved May 30, 1989.

89-058-U LI-TEL

LI-TEL, a reseller of interexchange service that provides service to only one customer, filed an Application requesting a Certificate of Convenience and Necessity. The Application is pending before the Commission.

89-067-U LIBERTY TELEPHONE COMPANY

Liberty Telephone Company requested permission to serve unallocated territory in Randolph County. They plan to use a radio telephone system referred to as BETRS (basic exchange telephone radio service) to provide the service. The Application was approved June 13, 1989.

89-072-U ECONO-LINE

This Docket was established to address the request for a Certificate of Convenience and Necessity (CCN) by Econo-Line. Econo-Line is an intrastate reseller of long distance service. An intermim CCN was granted by the Commission and the Docket remains open to allow the carrier to amend its tariffs to reflect either changes in rates or the introduction of new services.

89-077-U CENTRAL ARKANSAS TELEPHONE COOPERATIVE

Central Arkansas Telephone

Cooperative requested approval of an Extraordinary Property Loss account relating to retired outdated central office equipment. Staff filed testimony and a July hearing date was established.

89-091-U LITTLE ROCK CELLULAR PARTNERSHIP

Little Rock Cellular Partnership requested a Certificate of Convenience and Necessity (CCN) to provide non-wireline cellular radio telephone service to the Little Rock-North Little Rock Metropolitan Statistical Area. A tariff was also filed with the Application.

The proposed tariff was approved on June 22, 1989, and an interim CCN was granted. The Docket remains open for further tariff filings pending the completion of rules for competitive carriers.

89-111-U YELCOT TELEPHONE COMPANY

Approval was requested and granted for the issuance of an additional 9,618 shares of common stock, $20 par value, to current shareholders. The shares were to be used as a stock dividend in the ratio of one new share for each two shares of common stock currently held. The purpose of the stock issue was to increase the capital stock component, rather than the retained earnings component, of Yelcot's stockholders' equity. On August 4, 1989, Staff recommended approval. Approval was granted on August 17, 1989.

89-122-U EQUICOM

Equicom, an Alternative Operator Service Company, filed an Application requesting a Certificate of Convenience and Necessity. The Application is pending before the Commission.

89-136-U SNIDER COMMUNICATIONS CORPORATION

Snider Communications Corporation, d/b/a Snider Telecom, filed an Application requesting a Certificate of Convenience and Necessity. In addition, they filed a proposed tariff offering cellular telephone service on a short-term rental basis. The Application is currently under consideration.

89-145-U LD/USA

LD/USA, an Alternative Operator Services Company (AOS), applied for a Certificate of Convenience and Necessity. The Company subsequently withdrew the request when US Sprint purchased LD/USA.

89-171-U C.I.S. OF PINE BLUFF

C.I.S. of Pine Bluff, a provider of cellular mobile service, filed an Application requesting authority to issue a corporate guaranty. The Commission granted the financing request on December 12, 1989.

Section 8. Telecommunications Industry

89-173-TF GTE OF THE SOUTHWEST, INC.

This Docket concerns a request for approval to establish the Ravenden Springs Special Rate Area within the Imboden Exchange Area. Since only one-party service is offered within a Special Rate Area, 49 four-party customers were required to upgrade to one-party service. The billing increase for this upgrade was $1.46 per month per customer line. The Application was approved on October 5, 1989.

89-182-U CLEVELAND COUNTY TELEPHONE COMPANY

Cleveland County Telephone Company (Cleveland County) requested that depreciation rates reflecting its investment in newly acquired plant and equipment be established for certain accounts. There were no depreciation rates prescribed for these accounts. The Company also requested a change in the depreciation rate for its Digital Electronic Switching investment.

The Staff evaluated Cleveland County's Application and filed testimony. As a result of discussions between Cleveland County and Staff, an agreement was reached on the appropriate depreciation rates for the accounts and a Stipulation was filed in the Docket. Order No. 4, issued December 22, 1989, approved the Stipulation.

89-184-U GTE MOBILNET SALES CORPORATION

GTE Mobilnet Sales Corporation applied for authority to resell cellular mobile radio telecommunications service in the Fayetteville, Arkansas, Cellular Geographic Service Area. The Certificate of Convenience and Necessity was granted on an interim basis until the adoption of rules for competitive carriers.

89-185-U GTE MOBILNET SALES CORPORATION

GTE Mobilnet Sales Corporation applied for authority to resell cellular mobile radio telecommunications service in the Fort Smith, Arkansas Cellular Geographic Service Area. The Certificate of Convenience and Necessity was granted on an interim basis until the adoption of rules for competitive carriers.

89-186-U GTE MOBILNET SALES CORPORATION

GTE Mobilnet Sales Corporation applied for authority to resell cellular mobile radio telecommunications service in the Pine Bluff, Arkansas, Cellular Geographic Service Area. The Certificate of Convenience and Necessity was granted on an interim basis until the adoption of the rules for competitive carriers.

Section 8. Telecommunications Industry

89-209-U GTE MOBILNET SALES CORPORATION

GTE Mobilnet Sales Corporation applied for authority to resell cellular mobile radio telecommunications service in the Texarkana, Arkansas, Cellular Geographic Service Area. The Certificate of Convenience and Necessity was granted on an interim basis until the adoption of rules for competitive carriers.

89-214-U SOUTHWESTERN BELL TELEPHONE COMPANY AND GTE OF THE SOUTHWEST INC.

Southwestern Bell Telephone Company and GTE of the Southwest jointly requested Certificates of Convenience and Necessity to provide joint toll facilities. The Application is pending before the Commission.

89-227-U PRAIRIE GROVE TELEPHONE COMPANY

Prairie Grove Telephone Company applied for approval of an Extraordinary Property Retirement. Prairie Grove is seeking to recover the costs associated with the early retirement of certain central office equipment.

89-234-U CONTEL OF ARKANSAS

Contel of Arkansas applied for approval of new depreciation rates for its various classes of property. The request is pending before the Commission.

89-242-U MOUNTAIN HOME TELEPHONE COMPANY, INC.

Mountain Home Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-243-U REDFIELD TELEPHONE COMPANY, INC.

Redfield Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. This Docket is pending before the Commission.

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89-244-U CENTURY TELEPHONE OF ARKANSAS, INC.

Century Telephone of Arkansas asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-245-U UNION TELEPHONE COMPANY, INC.

Union Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-250-U SOUTH ARKANSAS TELEPHONE, COMPANY, INC.

South Arkansas Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-251-U DECATUR TELEPHONE COMPANY

Decatur Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-252-U ARKANSAS TELEPHONE COMPANY, INC.

Arkansas Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

Section 8. Telecommunications Industry

89-253-U YELCOT TELEPHONE COMPANY

Yelcot Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-254-U RICE BELT TELEPHONE COMPANY

Rice Belt Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-255-U CENTRAL ARKANSAS TELEPHONE COOPERATIVE

Central Arkansas Telephone Cooperative asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-257-U SOUTHWEST ARKANSAS TELEPHONE COOPERATIVE, INC.

Southwest Arkansas Telephone Cooperative asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-258-U YELL COUNTY TELEPHONE COMPANY

Yell County Telephone Company asked to revise its depreciation rates in accordance with proposed Rules 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

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89-259-U TRI-COUNTY TELEPHONE COMPANY, INC.

Tri-County Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-260-U WALNUT HILL TELEPHONE COMPANY

Walnut Hill Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-261-U PERCO TELEPHONE COMPANY

Perco Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-262-U SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company applied for approval of new depreciation rates for its various classes of property. The request is pending before the Commission.

89-265-U MOUNTAIN VIEW TELEPHONE COMPANY

Mountain View Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-267-U E. RITTER TELEPHONE COMPANY

E. Ritter Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The Staff reviewed the Company's request and filed testimony recommending approval. The recommendation was contingent, however, upon the Commission's adoption of the proposed rule. The case is pending before the Commission.

89-270-U NORTHERN ARKANSAS TELEPHONE COMPANY

Northern Arkansas Telephone Company asked to revise its depreciation rates in accordance with proposed Rule 9.15 of the Commission's Rules of Practice and Procedure. The case is pending before the Commission.

TF DOCKETS

88-187-TF ALLTEL SERVICE CORPORATION

Alltel Service Corporation asked approval to reformat and consolidate the tariffs for ALLTEL, Allied Utilities Corporation and White River Telephone Company. Order No. 2, issued on November 9, 1989, approved the request.

88-189-TF RICE BELT TELEPHONE

Tariffs were filed by Rice Belt Telephone asking approval to introduce Custom Calling Services for their customers. The filing was approved on January 1,1989. Order No. 2, filed on March 1, 1989, closed the Docket.

88-200-TF GTE OF THE SOUTHWEST, INC.

GTE of the Southwest, Inc. (GTESW) filed a proposed tariff which provided an optional short haul toll plan between Cabot, Jacksonville, Sherwood, and Little Rock. The tariff was approved on a trial basis and the Docket will remain open to collect data, evaluate revenue, and determine the economic feasibility of the plan.

88-206-TF GTE OF THE SOUTHWEST, INC.

In this Docket, GTE of the Southwest, Inc. (GTESW) proposed the addition of new custom calling services under the Smart Call Service tariff. Services proposed were Call Forward/Busy/No Answer, Cancel Call Waiting, Last Number Redial and Saved Number Redial. The Commission approved this filing on January 25, 1989.

89-002-TF SOUTHWEST ARKANSAS TELEPHONE COMPANY

Southwest Arkansas Telephone Company filed a tariff asking to offer trunking facilities to Emergency Service 911 providers. Order No. 1, dated January 24, 1989, approved the tariff. Order

No. 2, dated May 15, 1989, closed the Docket.

89-008-TF GTE OF THE SOUTHWEST, INC.

This tariff revision was requested to allow GTE of the Southwest, Inc. (GTESW) to extend residential additional exchange access to family members in other buildings on a customer's premises. The tariff was approved by the Commission on February 15, 1989.

89-009-TF CONTEL OF ARKANSAS

This tariff revision, filed by Contel of Arkansas, changed the service and equipment code designations on its Specialized Services Tariff. The filing was approved by the Commission on February 15, 1989.

89-015-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company filed a revised map expanding the Base Rate Area to their Marion exchange. The Application was approved February 17, 1989.

89-016-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company filed a revised map expanding the Base Rate Area to their West Memphis exchange. The Application was approved February 17, 1989.

89-020-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company filed a revised excess construction cost tariff. The revision was made to clarify the method used for measuring a proposed line extension route. The Application was approved February 24, 1989.

89-022-TF GTE OF THE SOUTHWEST, INC.

The filing in this Docket revised GTE of the Southwest, Inc.'s E911 tariff for Jacksonville and Pulaski County. The Commission approved the filing on April 10, 1989.

89-024-TF CLEVELAND COUNTY TELEPHONE COMPANY

Cleveland County Telephone Company requested approval to upgrade all facilities to one party service. The Commission approved the request on April 10, 1989.

89-026-TF DECATUR TELEPHONE COMPANY

Decatur Telephone Company requested approval to upgrade all facilities to one party service. The Commission approved the filing on April 10, 1989.

89-029-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company filed a revised map expanding the Base Rate Area to their Sylvan Hills/Sherwood exchange. The Application was approved March 5, 1989.

89-032-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In this filing, Southwestern Bell Telephone Company asked to introduce call control options (call blocking, priority call, call return, call cue and call trace) and selective call forward. The Commission approved the request on April 24, 1989.

89-033-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company filed a revised map expanding the Base Rate Area to their Conway and Mayflower exchanges. The Application was approved and the Docket was closed.

89-038-TF TELCOM INTERNATIONAL

This Docket was established to address the unauthorized selling of intrastate long distance service by Telcom International. The Commission ordered Telcom International to cease operating in Arkansas, and to refund all intrastate monies collected, with interest, to those customers.

89-039-TF SOUTHWESTERN BELL TELEPHONE COMPANY

This Southwestern Bell Telephone Company tariff revision sought to eliminate the differential between residential multi-line/PBX trunk rates and single line rates. The request was approved by the Commission on March 28, 1989.

89-040-TF SOUTHWESTERN BELL TELEPHONE COMPANY

This tariff was filed to comply with a decision by U.S. District Judge Harold Greene. Judge Greene held that the current practice of routing all operator-assisted calls from Bell Operating Company pay phones is inconsistent with the equal access requirements of the Modified Final Judgement. The tariff was approved by the Commission on March 31, 1989.

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89-047-TF SOUTHWESTERN BELL TELEPHONE COMPANY

89-050-TF REDFIELD TELEPHONE COMPANY

89-051-TF MOUNTAIN HOME TELEPHONE COMPANY

89-052-TF LIBERTY TELEPHONE COMPANY

89-053-TF UNION TELEPHONE COMPANY

89-054-TF LIBERTY T&C

89-064-TF GTESW

89-065-TF ALLTEL

89-068-TF NORTHERN ARKANSAS TELEPHONE COMPANY

89-074-TF UNITED TELEPHONE COMPANY

89-078-TF MADISON COUNTY TELEPHONE COMPANY

89-079-TF TRI COUNTY TELEPHONE COMPANY

89-100-TF GTESW (TEXARKANA, ARKANSAS)

89-083-TF MAGAZINE TELEPHONE COMPANY

89-086-TF CONTEL OF ARKANSAS

89-087-TF PRAIRIE GROVE TELEPHONE COMPANY

89-088-TF YELL COUNTY TELEPHONE COMPANY

89-090-TF LAVACA TELEPHONE COMPANY

89-092-TF SOUTH ARKANSAS TELEPHONE COMPANY

89-093-TF RICE BELT TELEPHONE COMPANY

89-094-TF SOUTHWEST ARKANSAS TELEPHONE COOPERATIVE

89-096-TF PERCO TELEPHONE COMPANY

89-097-TF MOUNTAIN HOME TELEPHONE COMPANY

89-098-TF YELCOT TELEPHONE COMPANY

89-103-TF E. RITTER TELEPHONE COMPANY

89-118-TF CENTRAL ARKANSAS TELEPHONE COOPERATIVE

89-119-TF ARKANSAS TELEPHONE COMPANY

89-126-TF DECATUR TELEPHONE COMPANY

89-127-TF CLEVELAND COUNTY TELEPHONE COMPANY

Each of the above filings contained amendments to Link Up Arkansas tariffs. The filings all requested removal of two non-income eligibility requirements in accordance with the FCC Order in CC Docket No. 88-341. All of the tariffs were approved by the Commission.

89-062-TF E. RITTER TELEPHONE COMPANY

E. Ritter Telephone Company proposed to offer Emergency Number E911 service to its customers in

Mississippi County. The Commission approved the proposal on April 20, 1989.

89-063-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company requested to expand the Base Rate Areas for their Conway and Mayflower exchanges. The Application was approved on April 24, 1989.

89-076-TF GTE OF THE SOUTHWEST, INC.

This Docket was established by GTE of the Southwest, Inc. to request approval for a new service offering. The new offering allows subscribing customers to receive multiple copies of bills. The Commission approved the tariff on May 24, 1989.

89-082-TF AMERICAN TELEPHONE AND TELEGRAPH

American Telephone and Telegraph (AT&T) requested approval to change rates and introduce volume discounts for AT&T Megacom Wats, AT&T Megacom 800, and AT&T 800 Readyline. The tariff was approved on August 10, 1989.

89-084-TF GTE OF THE SOUTHWEST, INC.

GTE of the Southwest, Inc. requested approval to add a new service offering called Individuline. The service allows a subscribing customer to request a specific telephone number. The Commission approved the filing on May 24, 1989.

89-099-TF PERCO TELEPHONE COMPANY

In connection with an upgrade program, Perco Telephone Company filed revised exchange boundary tariff maps. The boundaries of their Bigelow and Maumelle exchanges were rearranged to form an additional "Wye" exchange. The Application was approved June 9, 1989.

89-104-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company requested approval to offer Residence Signature Listings in the Directory Listings Service. This service gives residential customers a choice of bold or script print in the telephone directory. The tariff was approved on June 15, 1989.

Section 8. Telecommunications Industry

89-105-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company filed revised Base Rate Area maps. The Base Rate Area is expanded on the new maps to their Beebe exchange. The Application was approved June 12, 1989.

89-109-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In this Docket, Southwestern Bell Telephone Company proposed to increase the Returned Check Charge from $6.00 to $10.00. The tariff amendment was approved June 13, 1989.

89-124-TF SOUTHWESTERN BELL TELEPHONE COMPANY

This tariff introduced special promotions for Custom Calling Features, Touch Tone Service, and Directory Listings. The tariff also provided that Southwestern Bell Telephone Company will file a letter of intent describing each promotional offering. The letter will include the starting date, ending date, and the location of the offering. This tariff was approved on June 30, 1989.

89-138-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company requested approval of a revised tariff that would lower the rates for its Micro Link II - Packet Switching Digital Service. Micro Link II is a computer hookup feature which would allow two or more subscribers within the Little Rock area to link their computers directly to one another, with rates based on actual usage time. This revision was approved by the Commission on August 15, 1989.

89-142-TF CONTEL OF ARKANSAS

Contel of Arkansas requested approval of a revised tariff which allows Contel to offer the ancillary feature of Cancel Call Waiting, along with Call Waiting. This feature permits a customer who has Call Waiting to cancel the service temporarily during any call in which he does not want to be interrupted, or when he is using equipment which would be damaged by the Call Waiting tone. This tariff revision was approved on August 2, 1989.

89-144-TF PERCO TELEPHONE COMPANY

This tariff filing reflected revisions to Perco Telephone Company's Universal Emergency Number Service (911) tariff. Staff Testimony was filed on August 7, 1989, addressing the proposed revisions. Order No. 1, issued on August 8, 1989 approved the revised tariff.

Section 8. Telecommunications Industry

89-149-TF AMERICAN TELEPHONE & TELEGRAPH

In this Docket, American Telephone & Telegraph withdrew Telegraph Service, Metallic Series 100 and 200 service, because of obsolescence. Order No. 1, filed September 5, 1989, approved the filing.

89-152-TF ALLTEL ARKANSAS, INC.

The Application in this Docket added language to the tariff to include a 30-day notification to the Arkansas Public Service Commission of promotional offerings. Order No. 1, filed September 1, 1989, approved the filing.

89-154-TF SOUTHWESTERN BELL TELEPHONE COMPANY

This proposal from Southwestern Bell Telephone Company introduced Consolidated Billing, a service which summarizes the charges for all accounts into a single amount due. The service is available only to business customers who maintain their accounts within a single regional accounting office. The filing was approved by the Commission on September 11, 1989.

89-155-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company (SWB) introduced Customer Billing Reports in this Docket, providing a detail of long distance usage as billed by SWB. There are four (4) different reports available. Each summarizes toll usage into distinct categories that can aid business customers in monitoring their toll expenses. The service is only available to business customers. The proposal was approved by the Commission on September 11, 1989.

89-158-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company filed this revised tariff to offer Information Service Call Restrictions. The restrictions allow customers to restrict calls originating from their exchange access line to 700 and 900 information services. This tariff was approved by the Commission on February 23, 1990.

89-159-TF AMERICAN TELEPHONE & TELEGRAPH

American Telephone & Telegraph proposed to offer MultiQuest (a new 900 type service). The tariff was approved on March 14, 1990, to become effective on April 1, 1990.

Section 8. Telecommunications Industry

89-161-TF SOUTHWESTERN BELL TELEPHONE COMPANY

An experimental offering for residential access lines was made into a permanent tariff offering with the approval of this filing. It was originally introduced in March '89 to eliminate the differential between residential multi-line/PBX trunk rates and single line rates. It was approved by the Commission on September 22, 1989.

89-162-TF CONTEL OF ARKANSAS

In this revised tariff, Contel of Arkansas expanded the Clarksville Base Rate Area to provide one-party service without a mileage charge. It is the Commission's intent to encourage and support the progressive improvement and upgrading of telephone service to suburban areas. Expanding Base Rate Areas as populated communities grow is in line with this intent. Thus, the revised tariff was approved on September 27, 1989.

89-168-TF SOUTHWESTERN BELL TELEPHONE COMPANY

This proposed tariff revision expanded the Hot Springs Base Rate Area, reducing mileage charges for one-party service. This revision was approved by the Commission on September 25, 1989.

89-170-TF GTE OF THE SOUTHWEST, INC.

GTE of the Southwest, Inc. revised its tariffs by removing aid-to-construction charges for augmenting its facilities. The proposed tariff was approved by the Commission in Order No. 1 on October 6, 1989.

89-176-TF ALLTELL ARKANSAS, INC.

In this Docket, Alltel Arkansas proposed to expand the Base Rate Area of Mulberry, reducing the mileage charges for one-party service. The town of Dyer was included within the expanded area. The proposal was approved by the Commission on October 3, 1989.

89-177-TF CONTEL OF ARKANSAS

In this tariff revision, Contel of Arkansas proposed to add the Greenwood and Hackett exchanges to a group of exchanges in which usage pricing service is available on an optional basis. This proposal was approved by the Commission on October 3, 1989.

89-180-TF PERCO TELEPHONE COMPANY

Perco Telephone Company applied for approval to upgrade its facilities to one party service for all customers. The request was approved by the Commission in Order No. 1 on October 26, 1989.

89-181-TF GTE OF THE SOUTHWEST, INC.

In this Docket, GTE of the Southwest, Inc. proposed to expand the Cabot Base Rate Area to: (1) include all of the Cabot city limits; (2) eliminate mileage charges for one-party customers inside the proposed Base Rate Area; and, (3) reduce excess mileage charges for one-party customers outside the proposed Base Rate Area. The proposed tariff was approved by the Commission on October 4, 1989.

89-187-TF CONTEL OF ARKANSAS

Continental Telephone Company of Arkansas, Inc. requested approval to change its name to Contel of Arkansas, Inc. The change was approved on October 30, 1989.

89-188-TF GTE OF THE SOUTHWEST, INC.

With this filing, GTE of the Southwest, Inc. outlined the proposed central office conversion schedule for the remainder of 1989. The central offices listed were to be converted to a digital switch. The proposal was approved on October 10, 1989.

89-189-TF AMERICAN TELEPHONE & TELEGRAPH

American Telephone & Telegraph (AT&T) proposed to modify its Message Telecommunications Service and Wide Area Telecommunications Service Tariffs by:(1) decreasing the customer monthly subscription charge for AT&T PRO WATS Arkansas and increasing the usage discount from 10 percent to 15 percent; (2) establishing time-of-day rate schedules for the different classes of Message Telecommunications Service; and, (3) adding additional language to both tariffs modifying and clarifying the regulations regarding the recording of two-way telephone conversations. The modifications were approved by the Commission on November 2, 1989.

89-193-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In this Docket, Southwestern Bell Telephone Company (SWB) asked to pass through the Memphis, Tennesee, EAS charge increase from South Central Bell Telephone Company for SWB West Memphis, AR customers. The filing was approved by Order No. 1 on November 6, 1989.

89-196-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In this Docket, Southwestern Bell Telephone Company expanded its

Magnolia rate base area by extending the boundary at two points. The tariff was approved on November 1, 1989.

89-197-TF GTE OF THE SOUTHWEST, INC.

GTE of the Southwest, Inc. filed a proposed tariff agreeing to notify the Commission thirty (30) days in advance of any promotional offerings. The notice will be accomplished by filing a letter of intent in Docket No. 86-033-A, describing the offering. The tariff was approved by the Commission on November 15, 1989.

89-198-TF
89-199-TF
89-200-TF
89-201-TF
89-202-TF CENTURY TELEPHONE ENTERPRISES

Century Telephone Enterprises (Century) is the parent company of Mountain Home Telephone Co., Liberty Telephone & Communications, Inc., Union Telephone Co., Redfield Telephone Co., and Liberty Telephone Co. In these five tariffs, Century agreed to notify the Commission thirty (30) days in advance of any promotional offerings. The notification will be accomplished by filing a letter of intent in Docket No. 86-033-A, describing the offering. The five tariffs were approved on November 13, 1989.

89-206-TF SOUTHWESTERN BELL TELEPHONE COMPANY

After Commission approval on November 28, 1989, Southwestern Bell Telephone Company (SWB) discontinued its Bellboy Personal Signaling Service. The assets were disposed of by SWB upon approval of the tariff.

89-207-TF GTE OF THE SOUTHWEST, INC.

In compliance with an earlier FCC Order, GTE of the Southwest, Inc. (GTESW) applied for approval to detariff the following charges: the wiring charge; station handling charge; jack charge; prewiring charge; repair premise visit charge; repair premise wiring charge; and concealed wiring charge. The filing was approved on November 22, 1989.

89-210-TF CENTURY TELEPHONE OF ARKANSAS

Liberty Telephone Company and Liberty Telephone & Communications requested approval of a tariff revision which reflected the Commission-approved merger of the two companies. As a result of the merger, Liberty Telephone was authorized as the surviving company. With this filing, the name Liberty Telephone Company was changed to Century Telephone of Arkansas, Inc.

The change was approved on November 9, 1989.

89-212-TF GTE OF THE SOUTHWEST, INC.

In this Docket, GTE of the Southwest, Inc. (GTESW) proposed text changes to remove references to rural zoning and multiparty service greater than four-party since these services are no longer applicable in Arkansas. The tariff revisions were approved by the Commission on November 20, 1989.

89-213-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In compliance with Little Rock Ordinance No. 15706, Southwestern Bell Telephone Company (SWB) filed a revised tariff which provided for the collection of a franchise tax assessed on toll services at a rate of $.004 per minute. The tax applies to toll calls charged to a service address within the corporate limits of the City of Little Rock. The tariff was approved by the Commission on December 4, 1989.

89-215-TF GTE OF THE SOUTHWEST, INC.

This Docket was established to update GTE of the Southwest, Inc.'s (GTESW) DeWitt Base Rate Area Map to a scale of 1" = 2000'. The filing was approved by Order No. 1 on November 17, 1989.

89-216-TF GTE OF THE SOUTHWEST, INC.

This Docket was established to update GTE of the Southwest, Inc.'s Gillette Base Rate Area Map to a scale of 1" - 2000'. The filing was approved by Order No. 1 on November 17, 1989.

89-218-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company proposed to revise the Rogers Base Rate Area boundary by expanding it at two points. The proposal was approved on December 13, 1989.

89-219-TF GTE OF THE SOUTHWEST, INC.

With this filing, GTE of the Southwest, Inc. (GTESW) agreed to give notice to the Commission at least thirty (30) days in advance of any promotional offerings. Notice will be accomplished by filing a letter of intent indicating the terms and date of the proposed offering in Docket No. 86-033-A. This proposal was approved on November 17, 1989.

89-223-TF AMERICAN TELEPHONE & TELEGRAPH

Commission approval on December 22, 1989, authorized American Telephone & Telegraph (AT&T) to begin offering special rate incentives during promotional periods. AT&T agreed to notify the Commission of all promotional offerings at least thirty (30) days in advance by filing a letter of intent indicating the proposed service to be offered, the location, and the date. Because this is the first time that special rate incentives have been approved for an interexchange carrier, the Staff of the Commission reserved the right to disapprove any promotional offerings that are discriminatory or otherwise do not serve the public's best interests.

89-224-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In this Docket, Southwestern Bell Telephone Company proposed an expansion of the Springdale rate area boundary by revising it at two points. The expansion was approved on December 12, 1989.

89-225-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In this Docket, Southwestern Bell Telephone Company proposed an expansion of the Springdale Lowell locality rate area boundary by revising it at one point. The expansion was approved on December 12, 1989.

89-226-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In this Docket, Southwestern Bell Telephone Company proposed an expansion of the Springdale Tontitown locality rate area boundary by revising it at one point. The expansion was approved on December 12, 1989.

89-228-TF SOUTHWESTERN BELL TELEPHONE COMPANY

In this Docket, Southwestern Bell Telephone Company proposed to revise the Bryant-Collegeville Zone Area Boundary at one common point. The revision was approved on December 29, 1989.

89-229-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company (SWB) introduced several new coin enclosures and removed manufacturer discontinued enclosures that had no remaining customers in this tariff revision. The revision was approved by Order No. 1 on December 14, 1989.

89-232-TF GTE OF THE SOUTHWEST INC.

In compliance with Order No. 3 of Docket No. 86-083-TF, GTE of the Southwest, Inc. (GTESW) proposed to remove the charge for excess mileage associated with Foreign Exchange Service. GTESW had previously removed its Foreign Exchange rates from its General Exchange Tariff and had begun charging for those lines out of its Arkansas Facilities for State Access Tariff. The proposed tariff more clearly indicated the correct rates and tariff for Foreign Exchange Service. The tariff was approved on December 12, 1989.

89-235-TF CONTEL OF ARKANSAS, INC.

With this filing, Contel of Arkansas proposed to offer the calling feature of Distinctive Ringing. Distinctive Ringing enables customers to have multiple telephone numbers associated with a single access line. A distinctive ringing pattern is provided for each of the additional ringing numbers to identify incoming calls. The feature was approved by the Commission on January 3, 1990.

89-241-TF WALNUT HILL TELEPHONE COMPANY

In response to a Commission Order in a previous Docket, Walnut Hill Telephone Company (Walnut Hill) filed new tariffs to replace the tariffs approved at that time. The new tariffs were fully indexed and obsolete material was removed. The applicable rates, charges, and regulations were presented in a more organized manner.

The revisions had no revenue impact on either Walnut Hill or its customers, since the sole purpose of the filing was to better organize the currently approved tariffs. The filing was approved by the Commission on January 5, 1990.

89-246-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company applied for approval to offer EAS to Memphis, Tennessee, for its Marion, Arkansas, exchange customers. Customers in Marion will be able to call Memphis without incurring long distance charges. The tariff was approved by Order No. 1 on January 12, 1990.

89-248-TF ALLTEL SERVICE CORPORATION

In this Docket, Alltel Service Corporation (Alltel) proposed to convert the central offices of the Greenbrier, Mulberry, DeQueen, Sheridan, Crossett and Harrison exchanges to exchange-wide one-party service beginning in 1990. The tariff was approved by the Commission on January 18, 1990.

89-264-TF GTE OF THE SOUTHWEST, INC.

With this filing, GTE of the Southwest, Inc. proposed to expand the Jacksonville Base Rate Area and eliminate excess mileage charges for those customers. The tariff was approved by Order No. 1 on January 18, 1990.

89-266-TF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company introduced two new services, Personalized Ring and ComCall, in this proposed tariff. Personalized Ring allows a customer to establish up to three telephone numbers on the same access line and distinguish calls by a distinctive ring. ComCall allows a customer to initiate ringing on the originating line and permit conversation between extensions on that line. Both of these services were approved on January 8, 1990.

89-269-TF AMERICAN TELEPHONE & TELEGRAPH

With this filing, American Telephone & Telegraph (AT&T) proposed to amend their current tariffs to comply with Little Rock Ordinance No. 15706. The Ordinance applied a municipal tax on a per-minute-of-use basis for toll for customers located within the corporate limits of the municipality. The tariff filing was approved by the Commission in Order No. 1 on January 26, 1990.

C DOCKETS

88-130-C HOBBS VS. SOUTHWESTERN BELL TELEPHONE COMPANY

The Complainants alleged they were wrongfully denied telephone service. Southwestern Bell Telephone Company (SWB) alleged that the Complainants owed outstanding delinquent accounts for past service, which the Complainants disputed. In light of the Complainant's medical condition, SWB agreed to provide temporary telephone service pending final resolution of the Complaint.

The Staff investigated the Complaint and filed testimony on SWB's compliance with Commission Rules and approved tariffs. At the hearing, SWB indicated that the major portion of the contested charges were no longer in dispute. Order No.5, issued August 16, 1989, directed the Complainants to pay the remaining disputed accounts within 45 days from the date of the Order.

88-173-C LEWIS OWENS VS. SOUTHWESTERN BELL TELEPHONE COMPANY

The Complainant alleged a wrongful termination of service, and disputed Southwestern Bell Telephone Company's (SWB) action of transferring the balance owed from one of the Complainant's accounts to another. Staff investigated the

Complaint and filed testimony concerning SWB's compliance with Commission General Service Rules. The Complainant failed to appear for the hearing. Order No. 4, issued February 2, 1989, dismissed the Complaint.

88-176-C DAVID S. LONG VS. SWB

This Complaint was filed by David S. Long against Southwestern Bell Telephone Company (SWB). The issue was the transfer of an unpaid balance from one account to another. SWB and the Complainant reached an agreement and a Joint Motion to Dismiss was filed on May 1, 1989. Order No. 5, dated May 3, 1989, dismissed this Complaint and closed the Docket.

89-057-C OWENS HOME IMPROVEMENT VS. SOUTHWESTERN BELL TELEPHONE COMPANY

The Complainant had five Watts lines installed at his place of business by Southwestern Bell Telephone Company. The lines were installed to solicit home construction business during a movie sponsored by the Complainant. The Complainant contended that the Watts lines were inoperative during the movie. Order No. 2, issued September 26, 1989, dismissed the Complaint due to the Complainant's failure to comply with the Commission's Rules of Practice and Procedure.

89-071-C HAMPTON VS. YELCOT TELEPHONE COMPANY

The Complainants stated they had experienced unauthorized long distance and directory assistance third-party calls, had not been notified these calls were being made and charged to their private home telephone, and did not feel responsible for these bills. Yelcot Telephone Company filed a Motion to Dismiss the Complaint stating the Complainants did not appear for depositions by the Company and the Company believed that the Complainants had moved. Several attempts were made by the Secretary of the Commission to notify the Complainants of the hearing and otherwise contact the Complainants, but correspondence was returned unclaimed. Order No. 4, issued September 25, 1989, dismissed the Complaint.

89-085-C MAXWELL VS. CONTEL OF ARKANSAS

The Complainant stated that Contel of Arkansas (Contel) had billed her for third-party calls which she did not authorize and which were not made from her telephone. The Complainant did not make payment for these third-party calls and the Company suspended service for non-payment. The Complainant requested that Contel be ordered to remove the disputed charges from her bill and reinstate her service.

The Staff investigated the Complaint and filed testimony. The Staff's recommendation was that the calls be removed and that Contel of Arkansas, Inc. be ordered to develop specific policies and procedures for rebilling denied calls. An agreement was reached among the parties and filed in the Docket. Contel revised its policies and procedures in accordance with the Staff's recommendation. The parties jointly filed a Motion to dismiss the Complaint. Order No. 5, issued December 15, 1989, granted the Motion.

89-114-C ED FREEMAN VS. MOUNTAIN VIEW TELEPHONE COMPANY

The Complainant's residence is located in the Mountain View Telephone Company service area, although Alltel has been providing service to the Complainant for fourteen years. Mountain View Telephone Company informed the Complainant that there had been an error and that the Alltel facilities would have to be removed. The Complainant asked to continue to receive telephone service from Alltell Arkansas, Inc.'s Marshall exchange area.

The Commission Staff, the Companies and the Complainant reached an agreement that was later accepted by the Commission. Order No. 1, issued June 28, 1989, dismissed the Complaint.

89-179-C MILTON A. DEJESUS VS. SOUTHWESTERN BELL TELEPHONE COMPANY

The Complainant alleged that the reconnection fee charged by Southwestern Bell Telephone Company (SWB) following a suspension of his service was improper. The Complainant and SWB later resolved the dispute. Order No. 3, issued December 6, 1989, dismissed the Complaint.

89-183-C DOROTHY-ROSS LAWHON VS. SOUTHWESTERN BELL TELEPHONE COMPANY

The Complainant alleged she was billed for numerous calls which were not made from her telephone. The Complainant and Southwestern Bell Telephone Company later resolved the dispute. Order No. 4, issued November 21, 1989, dismissed the Complaint.

89-211-C JOHN L. PURTLE VS. SOUTHWESTERN BELL TELEPHONE COMPANY

The Complainant claimed Southwestern Bell Telephone Company (SWB) refused to list his name, address and telephone number properly in the white pages of the telephone directory. The Complainant and SWB later resolved the dispute. Order No. 2, issued November 15, 1989, dismissed the Complaint.

Section 8. Telecommunications Industry

A DOCKETS

88-117-A SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company requested to release a portion of its Van Buren exchange to Contel of Arkansas. Seventeen residents and property owners in that area opposed the request and were granted intervenor status. Staff filed testimony covering each Company's allocated area and addressing aid-to-construction issues. Order No. 5, issued January 17, 1989, denied the Application.

88-140-A SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company's (SWB) request to change the Fayetteville exchange area boundary was granted on October 14, 1988. Order No. 1 authorized the change and amended the Certificates of Public Convenience and Necessity for SWB and Prairie Grove Telephone Company to reflect the new service area boundaries.

89-007-A ARKANSAS TELEPHONE COMPANY

Arkansas Telephone Company asked to have certain unserved territory reallocated from Contel of Arkansas. Contel agreed to release the territory. The Company also requested a waiver of Commission Rules to recover the excess construction costs to serve the new area. On April 6, 1989, Staff filed testimony recommending approval of the reallocation of territory and the proposed rates. Order No. 1, issued April 10,1989, approved the Company's request.

89-043-A GTE OF THE SOUTHWEST INC.

GTE of the Southwest, Inc. (GTESW) filed an Application requesting approval to redefine their Cabot exchange area. The proposed change included a small portion of Southwestern Bell Telephone Company's (SWB) Lonoke exchange area, which SWB agreed to release. Staff filed testimony recommending that the Application be approved and that revisions be made to both Certificates of Convenience and Necessity. Order No. 1, issued May 1, 1989, approved the request.

89-157-A SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company's (SWB) request to revise its Bentonville exchange to include a portion of Contel's allocated territory was approved in Order No. 1, issued September 29, 1989. SWB and Contel Telephone Company were directed to file revised tariffs and appropriate maps and legal descriptions depicting the changes as approved.

Section 8. Telecommunications Industry

89-175-A SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company's (SWB) request to release a portion of its Sylvan Hills-Sherwood exchange to GTE of the Southwest, Inc. (GTESW) was granted in Order No. 1, issued November 30, 1989. SWB and GTESW were directed to file revised tariffs and appropriate maps and legal descriptions depicting the changes as approved.

R DOCKETS

89-247-R CLASS B TELECOMMUNICATIONS UTILITIES

The Staff of the Arkansas Public Service Commission and several local exchange carriers filed a Joint Petition requesting that the Commission revise its Rules of Practice and Procedure. The revisions affect telephone utilities with fewer than 25,000 access lines and provide an optional streamlined procedure for revising depreciation rates in a general rate case or depreciation rate proceeding. The proposed rule also provides for a triennial determination of proper depreciation rates for this group of utilities. The Staff filed testimony in support of the Joint Petition. The Docket is pending before the Commission.

Section 9. Water Industry Summary

A. Highlights of 1989

Water issues highlighting 1989 included the effects of two laws - one enacted in1988 and one enacted in 1989. Both laws deal directly with the Commission's jurisdiction over water utilities.

In 1988, the 76th General Assembly passed Act 21 of the Fourth Extraordinary Session. That Act redefined the Commission's jurisdiction over Class C water and sewer companies. Under the Act, a majority of the customers of a non-regulated water utility could petition to come under Commission purview if certain cumulative revenue requirements were met. One such petition was filed. The Staff investigated the petition during 1989 and provided findings and recommendations to the Commission.

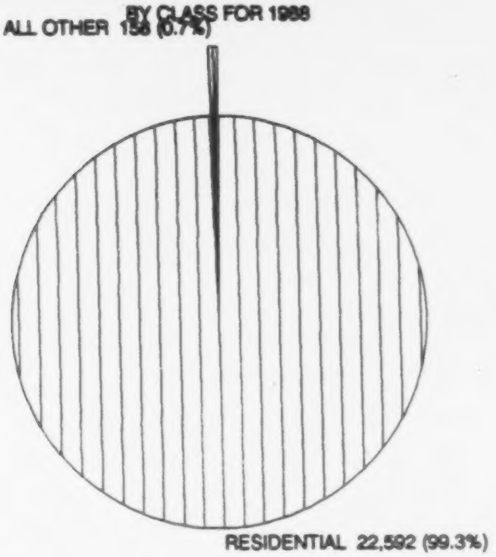
In 1989, the 77th General Assembly passed Act 952. That Act also provided for a petition process, but without the cumulative revenue requirements of Act 21. As part of the 1989 Act, the Commission was charged with the responsibility of adopting regulations to govern the petition process. Staff researched the requirements of the Act and Commission regulations, and is currently preparing proposed rules.

Finally, because of a Complaint originating in 1988, the Staff continued to monitor the water quality of the largest water company under its jurisdiction. Quarterly updates were provided to the Commission.

B. Water Customers and Sales Revenues by Class

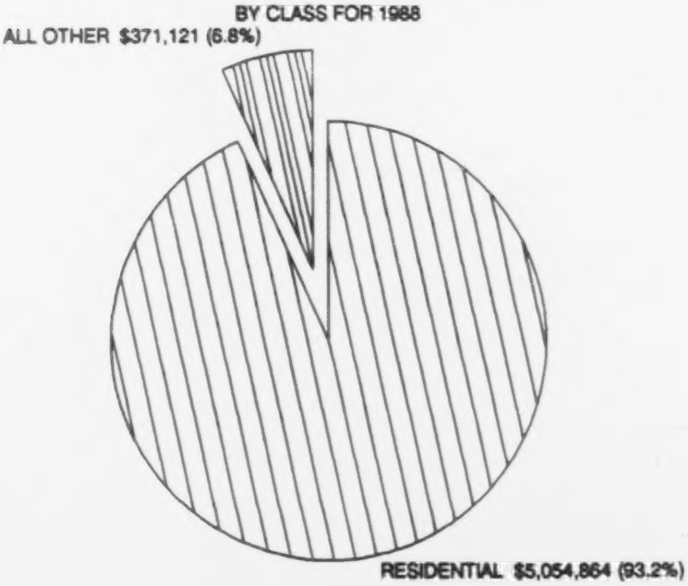
The following graphs show: (1) the percentage of residential water customers in relation to the percentage of non-residential water customers; and, (2) the corresponding percentage of residential water sales revenues to non-residential water sales revenues. As can be seen in comparing the two graphs, while residential customers account for over 99% of all customers, sales to those customers only represent 93% of all sales revenues.

Section 9. Water Industry Summary



NUMBER OF WATER CUSTOMERS

BY CLASS FOR 1988



WATER SALES REVENUE

BY CLASS FOR 1988

C. Statistical Summaries for Water

WATER COMPANIES - ARKANSAS ONLY
PLANT INVESTMENT; OPERATING REVENUES
YEAR ENDED DECEMBER 31, 1988

COMPANY	PLANT INVESTMENT	OPERATING REVENUES	RATIO (%) GROSS REV /INVEST.
GENERAL WATERWORKS OF PINE BLUFF, INC.	$16,174,307	$4,464,546	27.60%
QUAPAW WATER COMPANY	6,621,688	643,006	9.71%
SHUMAKER PUB. SERV.-WATER	649,323	331,075	51.00%
TOTALS	$23,450,289	$5,438,627	23.19%

WATER COMPANIES - ARKANSAS ONLY
CUSTOMERS; REVENUES; OTHER STATISTICS
YEAR ENDED DECEMBER 31, 1988

	NO. OF CUSTOMERS	REVENUES	AVERAGE REVENUE PER CUSTOMER
GENERAL WATERWORKS CORPORATION OF PINE BLUFF			
METERED GENERAL	19,414	$4,347,696	$224
FLAT RATE GENERAL	0	$0	$0
OTHER	120	$116,850	$974
TOTALS	19,534	$4,464,546	$229
QUAPAW WATER COMPANY			
METERED GENERAL	2,658	$494,620	$186
FLAT RATE GENERAL	0	$0	$0
OTHER	9	$148,386	$16,487
TOTALS	2,667	$643,006	$241
SHUMAKER PUBLIC SERVICE CORPORATION			
METERED GENERAL	520	$212,549	$409
FLAT RATE GENERAL	0	$0	$0
OTHER	29	$118,526	$4,087
TOTALS	549	$331,075	$603
TOTALS	22,750	$5,438,627	$239

Section 9. Water Industry Summary

D. Water Docket Activity Summary

DOCKETS BEFORE THE COMMISSION

U DOCKETS

88-207-U RIVIERA UTILITIES OF ARKANSAS

On December 30, 1988, certain metered customers of Riviera Utilities of Arkansas (Riviera) asked the Commission to assert jurisdiction over that utility. The request was made under Act 21 of 1988. Staff determined that Riviera met the criteria set forth in Act 21 and filed testimony on February 16, 1989.

A hearing was scheduled and held on November 16, 1989. By Order No. 6, the Administrative Law Judge scheduled a hearing for February 20, 1990, at which time the metered customers may present additional evidence.

89-073-U SHUMAKER PUBLIC SERVICE CORPORATION

Shumaker Public Service Corporation requested a Statement of Exemption regarding a transfer of ownership between affiliates. Staff filed testimony on June 1, 1989. Order No. 2, dated June 28, 1989, granted Shumaker its requested Statement of Exemption.

C DOCKETS

87-138-C C.D. TUBBS VS. GENERAL WATERWORKS OF PINE BLUFF

This Docket was established to address customer complaints concerning discolored water. As a result of the complaints, General Waterworks of Pine Bluff (General Waterworks) was ordered to correct its water coloration problems. General Waterworks was also ordered to report the nature and outcome of the procedures established to correct the problems. The Docket remains open to monitor the results of the corrective measures.

88-163-C DEBORAH WILLIAMS VS. GENERAL WATERWORKS OF PINE BLUFF

The Complainant contended that General Waterworks of Pine Bluff (General Waterworks) wrongfully terminated her service. General Waterworks later filed a Notice to take Deposition in this Docket. The Complainant objected to General Waterwork's motion and filed a motion which not only waived her right to an evidentiary hearing but also requested that the Commission make a decision based upon the evidence in the record.

The Administrative Law Judge warned that refusal to submit to Respondent's request for pre-hearing discovery and failure to pursue the matter to an evidentiary hearing would be treated as a failure to prosecute the Complaint. Order No. 5, issued May 23, 1989, later dismissed the Complaint for lack of evidence and failure to prosecute.

Section 10. Generic Docket Activity

Generic Docket Activity Before the Commission

A. GENERIC ELECTRIC DOCKETS

R DOCKETS

86-006-R Distribution Electric Cooperatives

The Staff filed a Petition for Rulemaking which established this Docket. The Petition proposed that the Commission's Rules of Practice and Procedure be revised to allow distribution electric cooperatives to adjust their rates through an abbreviated rate proceeding. Order No. 3, issued October 12, 1989, denied the Staff's Petition. The Commission stated that the enactment of Act No. 821 of 1987 provided a means for distribution electric cooperatives to adjust rates without the time and monetary implications of a general rate change filing.

B. GENERIC GAS DOCKETS

U DOCKETS

89-060-U TOP CHARGES TO NATURAL GAS AND ELECTRIC UTILITIES

On March 28, 1989, Staff filed the Motion to Obtain Information on Take-Or-Pay Charges which established this Docket. Staff stated that the FERC had approved recovery of TOP buyout and buydown costs by certain interstate natural gas pipelines. The approved recovery allows pipelines to pass through TOP costs in their sales commodity rates, fixed charges, commodity rate surcharges or volumetric surcharges, depending on compliance with certain FERC rules.

In its Motion, Staff requested information from natural gas and electric utilities under its jurisdiction concerning any TOP charges billed to those utilities. On April 11, 1989, the Commission ordered the natural gas and electric utilities to file information concerning any Take-Or-Pay costs billed to them by interstate natural gas pipeline companies.

The TOP information requested from Arkansas utilities has now been filed. However, this Docket remains open pending the possible passthrough of additional Take-Or-Pay costs resulting from FERC's Order No. 500-H. The Order extended the deadline for pipelines to file passthrough plans to December 31, 1990.

R DOCKETS

89-034-R ARKANSAS PIPELINE SAFETY CODE

On August 7, 1989, the Commission amended the Arkansas Gas Pipeline Safety Code in order to conform to changes in the Federal Code. Conforming amendments are required by Ark. Code Ann. Section 23-15-205(d) (1987). The amendments addressed the new safety standards adopted by the Department of Transportation.

C. GENERIC TELECOMMUNICATIONS DOCKETS

U DOCKETS

86-065-U ALLTEL CELLULAR

This Docket was established as a generic proceeding for the regulation of cellular mobile service. In addition, Alltel Cellular's Certificate of Convenience and Necessity application and tariffs were filed in this Docket. This year Alltel Cellular filed a revised tariff which included the Pine Bluff area in the toll-free calling scope for cellular users. The Staff is reviewing the potential impact of such a service upon the local exchange companies' toll revenue flow.

86-159-U GENERIC - ARKANSAS CARRIER COMMON LINE POOL

This Docket was established and remains open to address intrastate access charge issues. Those issues are related to non-traffic sensitive revenue requirements, the carrier common line pool, and the universal service fund.

86-160-U GENERIC - ACCESS CHARGES

This Docket was established and remains open to address the elements of intrastate access charges that are to be maintained at parity with interstate access charges. All local exchange telephone companies are required to file their intrastate access tariffs in this Docket.

88-091-U GENERIC - ACCESS CHARGES

The development of intraLATA access charges for Arkansas is the issue in this Docket. On October 3, 1989, the Commission ordered local exchange carriers to stop honoring customer requests for certain access services. Those services were being used in lieu of traditional toll services. In August of 1989, the parties reached a concensus on the appropriate method of determining intrastate access charges.

R DOCKETS

86-248-R GENERIC - MINIMUM FILING REQUIREMENTS

This Docket was opened in 1986 to propose significant changes in the minimum filing requirements for utilities. Comments and testimony were filed and a hearing held. On August 10, 1989, an Administrative Law Judge adopted the proposed minimum filing requirements, designated as Appendix II of Section 9, applicable solely to telephone companies. Also adopted were Staff's proposed amendments to Rule 9.02(k) of the Commission's Rules of Practice and Procedure, as set forth in Staff Comments - Third Amended Version of MFR's - Appendix II - Telephone Companies. On August 17, 1989, an errata order was entered to include the changes to Rules 9.03, 9.04 and 9.09, which were included in Staff Comments. On August 11, 1989, an Administrative Law Judge re-opened the comment period on the proposed minimum filing requirements for electric, gas and water utilities. Those comments were received, and a hearing set for October 5, 1989.

87-048-R GENERIC COMPETITIVE TELECOMMUNICATION CARRIER RULES

In 1987, this Docket was opened to address proposed rules for competitive telecommunications carriers. Comments and testimony were filed.

Staff later filed proposed revisions to the rules in response to comments previously filed by the industry. A hearing was held on October 24, 1989. Additional information was requested which was later filed by Staff. The Docket remains open pending a final decision.

89-095-R ONE CALL CENTER

On May 8, 1989, Arkansas One-Call System, Inc., filed an application for a form of organization for the Arkansas One-Call Center. Also included was a request for the Commission to open a rule-making Docket to implement Act 370 of 1989. On August 24, 1989, the Staff of the Public Service Commission and Arkansas One-Call System, Inc., jointly filed proposed rules for the One-Call Center. Order No. 5, issued November 27, 1989, adopted the proposed rules in their entirety.

89-106-R GENERIC - ACCESS LINES

Staff and the Arkansas Telephone Association petitioned the Commission to revise Section 9 of the Commission's Rules of Practice and Procedure. Included in the petition was an Appendix for local exchange companies having 25,000 or fewer access lines. The proposed appendix reduced the regulatory burden for those companies.

A hearing was held on September 26, 1989, during which all parties supported the proposed changes. Order No. 4, dated October 23, 1989, granted the petition.

D. GENERIC DOCKETS - ALL UTILITIES

U DOCKETS

89-190-U CUSTOMER DEPOSIT INTEREST RATE

In accordance with Ark. Code Ann.

Section 10. Generic Docket Activity

Section 23-4-206, the Commission holds a hearing each year to determine the appropriate interest rate to be paid by utilities on customer deposits.

The Staff filed testimony recommending 7.5% per annum for 1990. Order No. 3, issued December 7, 1989, adopted the Staff's recommendation.

Section 11. Federal Regulatory Agency Activity

A. Electric Industry Summary

Past stagnation regarding electric industry competition was shaken during 1989. The change came about because of legislative proposals and Federal Energy Regulatory Commission activities and makes way for future dynamics in the electric industry. Also during 1989, Arkansas ratepayers saw relief from the threat of paying for Grand Gulf II costs through the efforts of the APSC in a FERC settlement. In addition, environmental concerns and the cost of solving those concerns were at the top of the 1989 agenda for both the APSC and the electric utilities.

With regard to competition, several amendments to the Public Utility Holding Company Act were proposed which would decrease or eliminate the regulation of electric generating entities. Additionally, in the fall of 1989, the FERC released its Transmission Task Force Report on the viability of creating and developing the regulatory framework for the non-discriminatory wheeling of electric power. Such activities are the harbingers of competition in the electric industry.

Of immediate interest to Arkansas ratepayers was the FERC settlement in which Entergy (formerly Middle South Utilities) agreed to absorb the cost of the abandoned Grand Gulf Unit II. The settlement also provided for the resolution of other Dockets, resulting in a refund to Arkansas ratepayers.

As the Bush administration focused on environmental issues, the topics of acid rain and clean coal technology caught the interest of the APSC. Specifically, legislation was introduced in Congress which requires the installation of scrubbers to reduce emission levels of sulfur dioxide in coal-fired plants. The APSC was active in trying to persuade Congress, through the Arkansas delegation and the National Association of Regulatory Utility Commissioners, that the clean-up should not be punitive to environmentally clean states such as Arkansas.

Finally, 1989 was fraught with numerous precedent-setting cases concerning open-access transmission. The APSC appropriately intervened in these cases, with the objective of protecting Arkansas interests.

In summary, activity on the federal level during 1989 centered around increased competition in the electric industry and environmental issues. Such issues, in addition to Dockets specific to Arkansas utilities, resulted in increased activity for the APSC on the federal level.

Section 11. Federal Regulatory Agency Activity

DOCKET ACTIVITY BEFORE FEDERAL REGULATORY AGENCIES

Cases Before the Federal Energy Regulatory Commission

- ELECTRIC -

FERC DOCKET NOS. FA86-19-002 (PHASE II), FA85-65-001 & FA85-58-002 ENTERGY, INC.

At issue in this consolidated Docket was the correct application of accounting for intercompany tax allocations among subsidiaries of Entergy, Inc. The Arkansas Public Service Commission intervened and presented a Staff witness on this issue.

Following approximately four weeks of hearings, the submission of post-hearing briefs, and two days of oral argument, Entergy submitted an offer of settlement which all parties to the Docket either supported or declined to oppose. The settlement not only resolves the accounting issues, but also precludes both a construction prudence investigation of Grand Gulf I and any recovery of Grand Gulf II expenses by Entergy.

On June 28, 1989, the presiding Administrative Law Judge certified the uncontested settlement to the Commission, which had to decide whether the settlement would result in just and reasonable rates.

On July 18, 1989, the FERC approved the settlement agreement, resolving all contested issues. Arkansas ratepayers will receive approximately $18,000,000 in refunds, as well as a prospective rate reduction with a present value of over $36,000,000.

FERC DOCKET NO. ER89-672-000 PUBLIC SERVICE COMPANY OF INDIANA

Public Service Company of Indiana (PSI) filed a proposal with the FERC to sell 450 megawatts of excess capacity at market-based rates. The proposal also included offering voluntary open access transmission on its system to any party except retail customers. The Arkansas Public Service Commission intervened to monitor the plan as a potential alternative treatment of excess electric capacity. The FERC conditioned its approval on PSI's willingness to provide open-access transmission service for anyone requesting it.

FERC DOCKET NO. ER89-678 SYSTEM ENERGY RESOURCES, INC.

The APSC intervened in this Docket in which System Energy Resources, Inc. (SERI) requested an increase in decommissioning costs associated with Grand Gulf Unit I. Billing format changes for Grand Gulf I charges are also under consideration. The APSC will file testimony and participate in the hearing.

Section 11. Federal Regulatory Agency Activity

FERC DOCKET NO. ER90-102 CENTRAL AND SOUTH WEST SERVICES, INC.

The APSC intervened in this Docket in which Central and South West Services, Inc. (CSW) filed fixed charge rates. CSW is Southwestern Electric Power Company's (SWEPCO) parent company.

The rates will affect the transmission and capacity costs borne by CSW's operating companies, including SWEPCO, which is under the APSC's jurisdiction. In addition, the FERC had ordered CSW in a prior Docket to specify a planning reserve level in the Operating Agreement among its four wholly owned subsidiaries to be maintained by the operating company.

FERC DOCKET NO. EL89-40 NORTHERN STATES POWER COMPANY, ET AL. V. PUBLIC SERVICE COMMISSION OF WISCONSIN

As part of the least-cost planning process mandated by state law for electric utilities, the Public Service Commission of Wisconsin ("PSCW") issued an Order which affects the planning and sharing of electric transmission facilities. The Order included twenty Transmission System Use and Cost Sharing Principles" which provide guidelines for transmission system use and cost-sharing arrangements.

Four Wisconsin utilities filed a Complaint at the FERC seeking a declaration that the PSCW Order impermissibly intrudes on the FERC's authority to establish the terms and conditions of power transmitted in interstate commerce. The utilities involved are Northern States Power Company, Wisconsin Electric Power Company, Wisconsin Power & Light Company, and Wisconsin Public Service Corporation.

The Arkansas Public Service Commission intervened and filed comments in support of a National Association of Regulatory Utility Commissioners (NARUC) request. NARUC asked that the Complaint be dismissed without prejudice, that the proceeding be held in abeyance pending a decision by the Wisconsin appellate courts, or that an extended procedural schedule be established which would allow more detailed examination of the federal-state issues raised in the Docket.

FERC DOCKET NO. ER90-38 ENTERGY SERVICES, INC.

This Docket involves a Power Coordination, Interchange and Transmission Service Agreement between Entergy Power, Inc. (Entergy Power) and Arkansas Power & Light Company (AP&L). The Agreement was filed by Entergy Services, Inc., acting as agent for AP&L and Entergy Power. The APSC has intervened.

Section 11. Federal Regulatory Agency Activity

B. Gas Industry Summary

In 1989, the Federal Energy Regulatory Commission (FERC) and, to some extent, the United States Congress and federal courts, continued to implement the regulatory policies, legislation, and rulings which have in recent years shaped the natural gas industry. Competition and deregulation continue to be two of the most dynamic forces.

Some of the most significant national regulatory, legislative, and judicial events of 1989 in the natural gas area were:

- On May 30, 1989, FERC issued a policy statement on rate design for interstate natural gas pipeline companies. The statement was issued to provide guidance on implementing FERC's rate objective and policies under its open access transportation program.
- On May 30, 1989, FERC issued a Notice of Proposed Policy Statement to implement interim gas inventory charges for interstate natural gas pipelines. The purpose is the proposal of methods to recover the costs of standing ready to supply gas for their customers.
- On July 26, 1989, President Bush signed the Natural Gas Wellhead Decontrol Act of 1989. That Act will remove price controls on all natural gas by January 1, 1993.
- On December 13, 1989, FERC issued Order No. 500-H. That Order contained a final rule for its open access transportation program for interstate natural gas pipelines. The Order also extended until December 31, 1990, the deadline for pipelines to direct bill Take-Or-Pay costs.
- The United States Court of Appeals for the District of Columbia Circuit upheld a FERC Order which had allowed an interstate natural gas pipeline company to transport gas for a large industrial customer. It was a major ruling on the issues of bypass and federal-state jurisdiction in that it allowed the bypass of the local distribution company.

The APSC voiced its opinion by intervening and participating in cases and by filing comments in rulemaking proceedings. This activity is detailed in the natural gas case narratives which follow.

Section 11. Federal Regulatory Agency Activity

DOCKET ACTIVITY BEFORE FEDERAL REGULATORY AGENCIES

Cases Before the Federal Energy Regulatory Commission

- GAS -

FERC DOCKET NO. RP88-45-000 ARKANSAS ENERGY RESOURCES

The Arkansas Public Service Commission (APSC) intervened in this Natural Gas Act (NGA) Section 4 rate filing. Arkansas Energy Resources (AER) filed a proposed settlement in this case which would reduce the proposed increase of $79.6 million by about $45 million annually.

On July 20, 1989, FERC issued an Order rejecting AER's settlement supplement, treating the case as a contested settlement. On September 15, 1989, FERC issued an Order setting a hearing which will consider the settlement with regard to FERC's policy statement on rate design.

AER recently filed an offer of settlement on the issue of annual throughput volumes used to design the settlement rates. This issue and AER's overall settlement is still pending at FERC.

FERC DOCKET NO. RP88-209-000 NATURAL GAS PIPELINE OF AMERICA

The APSC intervened in this Natural Gas Act Section 4 rate filing by Natural Gas Pipeline of America (NGPL). In filed comments, the APSC did not oppose an offer of settlement proposed by NGPL. The settlement would result in refunds and rates lower than those filed by NGPL. On September 15, 1989, the FERC issued an Order approving NGPL's settlement.

FERC DOCKET NO. 88-413-000 TEXAS GAS TRANSMISSION CORPORATION

Texas Gas Transmission Corporation (Texas Gas) petitioned for a Certificate of Convenience and Necessity under Section 7(c) of the Natural Gas Act. Texas Gas plans to build a line to Quincy Soybean Company of Arkansas and provide transportation service.

The Commission moved to institute a joint board with the FERC to examine the question of bypass. In an Order issued on November 1, 1989, FERC authorized Texas Gas to provide transportation service for Quincy and denied the APSC's request for a joint board.

FERC DOCKET NO. RP89-105-000 ARKLA ENERGY RESOURCES

The APSC intervened in this Arkla Energy Resources (AER) filing which proposed an open season procedure to accommodate new requests for transportation service. The requests were

Section 11. Federal Regulatory Agency Activity

the result of a new AER transportation contract with the Coastal Pipeline Corporation.

The APSC intervened to monitor the impact of this filing on AER's Arkansas customers, including Arkansas Louisiana Gas Company (ALG). The FERC rejected AER's open season proposal as being unjustified and in violation of the FERC's policy in its Order Nos. 436 and 500.

FERC DOCKET NO. RP89-248-000 MISSISSIPPI RIVER TRANSMISSION CORPORATION

On September 29, 1989, Mississippi River Transmission Corporation (MRT) filed an Application seeking an annual rate increase of $23.5 million. The APSC intervened to evaluate the rate impact of this filing on Arkansas' local distribution companies. The APSC also intervened to gain insight into MRT's response to FERC's new rate design policy statement. This case is currently pending before FERC.

FERC DOCKET NO. CP89-1121-000 MISSISSIPPI RIVER TRANSMISSION CORPORATION

Mississippi River Transmission Corporation (MRT) applied for a blanket Certificate to provide open access transportation. The APSC intervened to monitor the impact of this Application on Arkla Energy Resources (AER), Arkansas Louisiana Gas Company (ALG), and Associated Natural Gas Company.

On September 18, 1989, MRT was granted a blanket Certificate of Public Convenience and Necessity to provide open access transportation. MRT accepted the Certificate on October 23, 1989. On November 17, 1989, FERC granted rehearing of its September 18, 1989, Order. The rehearing issues are pending at FERC.

FERC DOCKET NO. CP89-2173-000 ARKLA ENERGY RESOURCES (AER) MISSISSIPPI RIVER TRANSMISSION CORPORATION

Arkla Energy Resources (AER) and Mississippi River Transmission Corporation (MRT) requested approval to abandon, by sale to ANR Pipeline Company (ANR), property interests in existing facilities. In addition, AER will convey to ANR its interests in the new transmission line, Line AC.

The APSC intervened to evaluate and monitor the transfer and conveyance of AER and MRT pipeline facilities. The case is pending at FERC.

FERC DOCKET NO. CP89-2174-000 ARKLA ENERGY RESOURCES

Arkla Energy Resources (AER) applied for a Certificate of Public

Convenience and Necessity to construct and operate Line AC, a new 225 mile transmission line.

Under agreements with AER, ANR Pipeline Company and Texas Gas Transmission Company will own rights. The proposed pipeline will permit delivery of 250,000 and 300,000 mcf respectively, to these companies, per day. The APSC intervened to evaluate and monitor the construction in which Arkansas ratepayers may potentially bear costs. The case is pending at FERC.

DOCKET NO. CP89-2195-000 ANR PIPELINE COMPANY (ANR)

This Certificate was requested by ANR Pipeline Company (ANR) to: (1) acquire pipeline facilities abandoned by Arkla Energy Resources and Mississippi River Transmission Corporation in FERC Docket No. CP89-2173-000; and, (2) to own and operate ANR's portion of AER's pipeline construction project in FERC Docket No. CP89-2174-000.

The APSC intervened to review and evaluate this and other related filings in Docket Nos. CP89-2173-000 and CP89-2174-000. The case is pending at FERC.

FERC DOCKET NO. CP90-187-000 OKLAHOMA-ARKANSAS PIPELINE COMPANY

Oklahoma-Arkansas Pipeline Company (OAPL) requested an Expedited Certificate of Public Convenience and Necessity to construct and operate a new interstate natural gas pipeline. The proposed pipeline will extend from Oklahoma eastward 352 miles across Arkansas. The pipeline will end at an interconnect with the pipeline facilities of Trunkline Pipeline Company in Mississippi.

The APSC intervened to monitor the impact on the Arkansas natural gas industry. The case is pending at FERC.

FERC DOCKET NOS. TA88-2-25-000, TA88-3-000, RP88-80-000, RP88-146-000, RP88-192-000, RP88-230-000, RP89-12-00, RP89-13-000, RP89-62-000, AND RP89-135-000 VARIOUS PIPELINE COMPANIES

The above filings concern the flowthrough of Take-Or-Pay (TOP) costs by various pipeline companies serving Arkansas local distribution companies. The APSC intervened to monitor the FERC approved methodology and to measure the dollar impact to Arkansas customers. With the issuance of Order No. 500-H, FERC extended until December 31, 1990, the deadline to file TOP passthrough plans.

The APSC also continues to monitor the above filings through its generic Docket No. 89-060-U. Local distribution companies are required in that Docket to file information concerning TOP costs

Section 11. Federal Regulatory Agency Activity

billed by interstate natural gas pipeline companies. The above cases are pending at FERC or are on appeal.

FERC DOCKET NO. RM87-34-000, ET AL.

The issue in this Docket is the regulation of Natural Gas Pipelines after Partial Wellhead Decontrol. The APSC prepared comments with regard to the FERC's Order No. 500, "Interim Rule and Statement of Policy", issued on August 7, 1987. The Comments addressed the FERC's authority under Section 5 of the Natural Gas Act to review contracts with Take-Or-Pay provisions.

FERC DOCKET NO. RM89-6-000

The APSC filed comments endorsing new rules proposed in this FERC Docket. The issue is the establishment of Deadlines for Producer Refunds. The proposed rules provide time limits by which first sellers of natural gas must refund overcollections or unauthorized collections of prices and file refund reports.

FERC issued a final rule in Order No. 515 for this Docket. On December 15, 1989, FERC issued, on rehearing, Order No, 515-A which amends the original Order and FERC's regulations.

FERC DOCKET NO. PL89-1-000

The APSC filed comments on FERC's policy statement in this Docket. The statement proposes the implementation of interim gas inventory charges (GICs) for pipelines. The comments did not endorse any specific GIC proposal, but described some of the advantages and disadvantages of both FERC proposals. A cautious case-by-case approach, rather than a generic industry-wide approach, was recommended. The comments did endorse the intent of the policy statement to address the Take-Or-Pay problem in the gas industry but also requested that the FERC consider the impact of GICs on local distribution companies and their customers.

Section 11. Federal Regulatory Agency Activity

C. Telecommunications Industry Summary

Since the break up of AT&T in 1984, the telecommunications industry has undergone incredible change. Fundamental changes to the communications industry continued during 1989, which saw significant activity at the Federal Communications Commission, the Congress and the Arkansas Public Service Commission. The activity should result in a greater array of communications services provided at lower prices.

Actions at the Federal Communications Commission during 1989 resulted in changes affecting new services, the local network, and the interstate toll network. The FCC will soon be engaged in unbundling the local network of the Bell Operating Companies (BOCs) through the introduction of open network architecture (ONA). In addition to ONA, the local network could be further unbundled because of action at the FCC by large access customers of the BOCs.

State regulators' concerns over these activities are centered on cost shifts to intrastate ratepayers. State regulators also expect the local network to be affected by the application of price cap regulation to local telephone companies. This non-traditional form of regulation is scheduled to go into effect for large local exchange telephone companies on January 1, 1991.

During 1989, the FCC also adopted price cap regulation for AT&T. In addition, the FCC approved AT&T tariff offerings which will allow that company to compete for the large business customer on a more equal basis with other interstate service providers. As part of its decision to allow these service offerings, the FCC announced its intention to reevaluate the current definition of AT&T as a "dominant carrier".

An almost entirely new group of Commissioners were appointed to the FCC during 1989. State regulators are hopeful that these new Commissioners will be more open to discussions on issues that affect both interstate and intrastate jurisdictions. In the past, the FCC has shown a marked indifference to the concerns, legitimate or otherwise, of state regulators.

One of the last major issues addressed by the FCC during 1989 dealt with the cable television industry. In MM Docket 89-600, the FCC is evaluating the level of competition in the CATV industry and determining whether or not a need now exists for the industry to be regulated. The decision could affect cable subscribers nationwide.

During the past year, Congress considered and addressed several telecommunication issues. First, the Congress is under increasing pressure to correct problems associated with cable service. The Congress also passed legislation pertaining to obscene communication. This action was taken late in the year after the Supreme Court struck down legislation passed in 1988.

Congress concluded 1989 by

Section 11. Federal Regulatory Agency Activity

evaluating legislation affecting communication services to the deaf and speech impaired. The Congress believes that these groups should be afforded the same telecommunications services that are available to others. Legislation was passed by the House in the fall of 1989 and is expected to be passed by the Senate in early 1990.

The Arkansas Public Service Commission was involved in these issues as well as others that only affect intrastate communications services. The Commission continued its evaluation of the Alternative Operator Service industry. In addition, they not only approved rules for the intrastate cellular mobile industry and other competitive service providers, but also reduced filing requirements for small local exchange carriers.

Section 11. Federal Regulatory Agency Activity

DOCKET ACTIVITY BEFORE FEDERAL REGULATORY AGENCIES

Cases Before the Federal Communications Commission

- TELECOMMUNICATIONS -

CC DOCKETS 78-72 AND 80-286

The Arkansas Public Service Commission filed comments in these ongoing Dockets. Issues include the interstate Universal Service Fund, non-traffic sensitive cost assignment, and subscriber line charges. In addition, the Dockets also contain other issues associated with the separations of expenses between state and federal jurisdictions.

CC DOCKET 87-266

The Arkansas Public Service Commission filed prepared and reply comments in this proceeding. A proposed recommendation to Congress is at issue.

The recommendation concerns the removal of language in the Cable Communications Policy Act of 1984. That language prohibits telephone companies from the cross-ownership of cable television facilities in their service areas.

CC DOCKET 87-313

The Arkansas Public Service Commission filed prepared and reply comments in this Docket, which concerns the evaluation and adoption of price cap regulation. The new form will replace traditional rate of return regulation for interstate telecommunications services.

Price cap regulation was adopted by the FCC for AT&T and implemented on July 1, 1989. Price cap regulation for local exchange carriers is tentatively scheduled for implementation in January, 1991. Further comments are expected in March regarding details of implementation for local exchange carriers.

CC DOCKET 87-339

The Arkansas Public Service Commission has filed data in this ongoing Docket. The case remains open to monitor the impact Federal/State Joint Board decisions have on end users. The issues involved are increased rates, bypass of the public switched network, and the provision of affordable universal service.

CC DOCKET 88-2

The Arkansas Public Service Commission is a party to this Docket, which was established to review the plans of the Regional Bell Operating Companies (RBOCs) for implementing Open Network Architecture (ONA). The implementation was ordered by the FCC in its Computer Inquiry III Docket (CC Docket 85-229). ONA plans are to be used in lieu of structural separation requirements as a precondition for

Section 11. Federal Regulatory Agency Activity

permitting the RBOCs to enter the enhanced service markets.

On December 22, 1988, the FCC issued an Opinion and Order in which it essentially approved the RBOCs' ONA plans but required the companies to file certain amendments by May 19 for Commission review. The Staff has been instrumental in developing and working with a regional task force to provide guidance to Southwestern Bell Telephone Company in the drafting of their plan amendments as well as in drafting comments in this Docket.

CC DOCKET 88-341

This Docket was initiated to review the eligibility criteria for Link-up America assistance applicants. Arkansas was one of four states initially enlisted to administer and monitor the Link-up program. Criteria for participation in the program were amended during 1989.

CC DOCKET 89-79

This Docket was established to amend FCC rules to reflect the unbundling and tariffing of access services to implement Open Network Architecture (ONA). The Staff has been active in developing and working with a regional task force to provide guidance to Southwestern Bell Telephone Company in this phase of unbundling. The task force filed comments in this Docket on August 10, 1989, and reply comments on October 11, 1989.

CC DOCKET 89-360

The FCC issued a Notice of Proposed Rulemaking in this Docket. The Rulemaking applies to an amendment of Part 32 of the FCC Rules to implement the Statement of Financial Accounting Standards Number 96, Accounting for Income Taxes. The Commission filed comments to clarify certain issues included in the proposal. Those issues could enhance the APSC's ability to accurately identify excess deferred tax reserves, which, in turn, would be available for refund.

CC DOCKET 89-624

On December 21, 1989, the FCC issued a Notice of Proposed Rulemaking (NPRM). Comments were solicited regarding the appropriate rate of return for local exchange carriers in the provision of their interstate services.

RM DOCKET 89-600

On December 29, 1989, the FCC issued a Notice of Inquiry asking for comments regarding the re-regulation of the cable television industry. The Commission is reviewing the Notice and anticipates filing comments.

Section 11. Federal Regulatory Agency Activity

RM DOCKET 6767

NARUC initiated this Docket by petitioning an open rulemaking proceeding. The petition requested an examination of the practices, policies, and appropriate regulatory treatment of alternative operator service providers. This Commission filed comments in support of the petition. No action has yet been taken by the FCC.

RM DOCKET 6785

This Petition asked that all local exchange carriers be required to furnish alternative operator service providers with billing information and credit card validation. The Commission filed comments urging restraint. The FCC has not yet acted on the petition.

Case No. AAD-9-1938

The Commission filed comments with the Missouri Public Service Commission in this proceeding. The issue is a request for a blanket waiver of the FCC's separations rules by Telephone and Data Systems, a local exchange company that operates in Arkansas.

FCC DEPRECIATION RATE PRESCRIPTION - SOUTHWESTERN BELL TELEPHONE COMPANY

The Federal Communications Commission reviews the depreciation rates of FCC-subject carriers on a triennial schedule. The review is handled through a depreciation rate prescription process.

In this process, commonly referred to as three-way meetings, depreciation rates are proposed by a company and are reviewed by state and federal regulatory bodies. The FCC-subject carriers under Arkansas jurisdiction are GTE Southwest (GTSW) and Southwestern Bell Telephone Company (SWB).

Changes in interstate depreciation rates ultimately flow through to ratepayers as changes in interstate telephone rates. The Staff's participation in this process provides state ratepayers with a voice in the determination of interstate telephone rates.

Staff took an active role in SWB's 1989 three-way depreciation process. The Staff analyzed the Company's depreciation study, the comments of the other state Commissions, and the results of the FCC's preliminary analysis. Staff then formulated its recommendations and presented these at the three-way depreciation meeting held in June of 1989.

The FCC's final order is scheduled to be released by January 31, 1990. Should the FCC adopt the recommendation of its Depreciation Rate Branch, SWB's annual composite interstate depreciation rate for Arkansas will drop from 8.2% to 7.6%. GTE Southwest rates are scheduled for review in early 1990.

Section 11. Federal Regulatory Agency Activity

D. Securities and Exchange Commission Summary

-Electric-

SEC DOCKET NO. S7-2-89

The Arkansas Public Service Commission filed comments responding to this SEC proposal. At issue is the addition of Rule 17 to SEC regulations governing the Public Utility Holding Company Act of 1935. The rule addresses non-utility diversification by "exempt" intrastate public utility holding companies. Criteria are also established by which states may create a safe harbor for intrastate holding companies wishing to diversify.

Section 11. Federal Regulatory Agency Activity

E. Summary of Federal Activity in 1989

Research and Policy Staff involvement in federal cases has increased by over 300% since 1986. The cases are regulated at the federal level (Federal Energy Regulatory Commission, Federal Communications Commission) and have the potential for impacting ratepayers in the State of Arkansas.

Table I displays the number of cases, by industry group, in which the Research and Policy Staff was involved during 1989. The significant increase from year to year is evident. In 1986 the group was involved in 16 cases. In 1989, the number rose to 50.

PSC INVOLVEMENT IN FEDERAL CASES

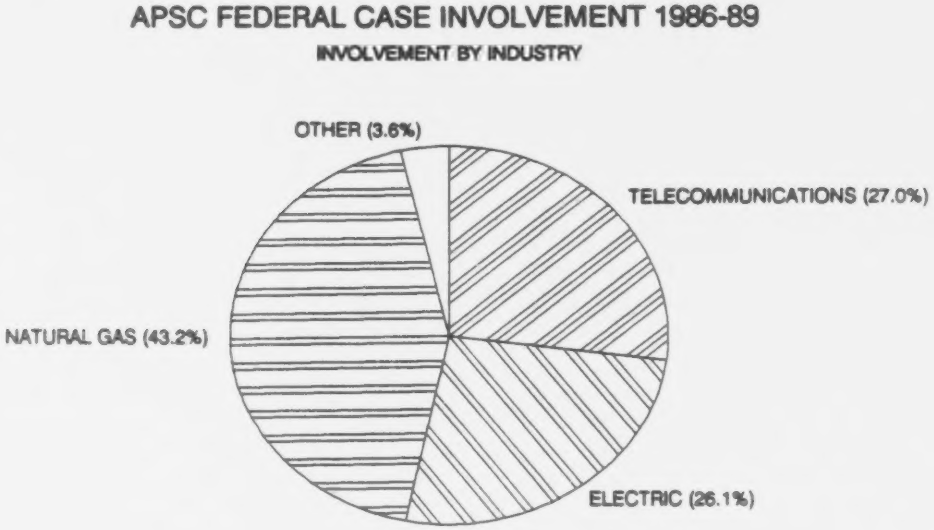
TABLE I

	TELE	ELECTRIC	GAS	OTHER	TOTAL
1986	3	6	6	1	16
1987	5	4	5	1	15
1988	8	9	13	-	30
1989	14	10	24	2	50

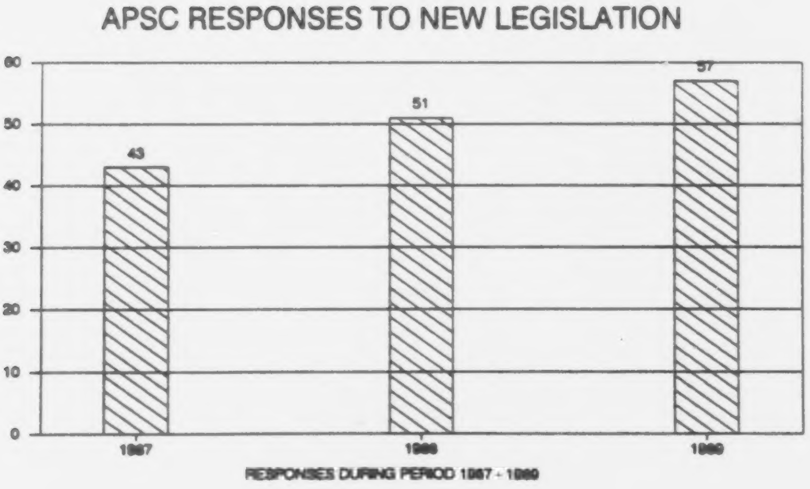
Graph II displays the percentage of involvement by industry. Natural Gas issues comprised over 40% of the federal cases while Electric and Telecommunication issues comprised 26% and 27% respectively.

Another important area of activity for the Research and Policy Staff was responding to new Congressional legislation. From 1987 to 1989 there were more than 150 pieces of legislation sent to the Research and Policy Section for review, evaluation and formulation of APSC position. Not only did the number increase by over 30% from 1987 to 1989 but the increased complexity was significant. Graph III displays the increase in Research and Policy Section responses to new Congressional legislation.

The participation of the Commission in matters before federal regulators ensures that the interests of Arkansas ratepayers are protected. Such participation is important because a material portion of Arkansas ratepayers' utility bills is controlled by federal regulators. Graphs IV and V display the portion of a typical telephone bill which is dependent on the actions of federal regulators.



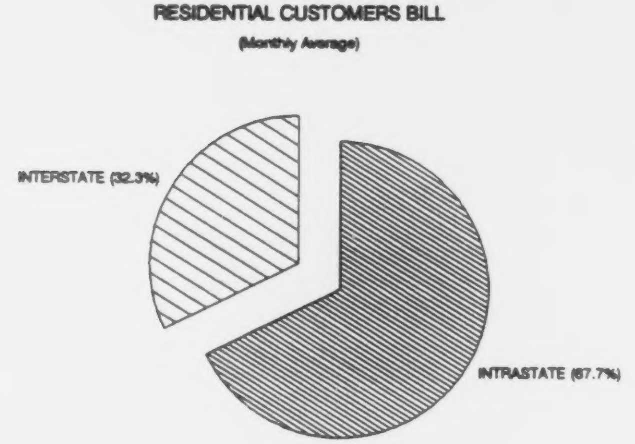
Graph II



Graph III

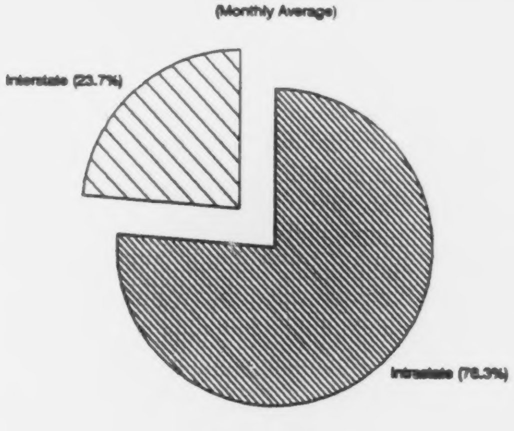
Section 11. Federal Regulatory Agency Activity

Distribution of Costs as Reflected on an Average Residential Customer's Telephone Bill



Graph IV

Distribution of Costs as Reflected on An Average Business Customer's Telephone Bill



Graph V

Section 12. Federal Dockets on Appeal

Dockets On Appeal From Federal Regulatory Agencies

CONSOLIDATED CASE NOS. 87-7230, 87-7233, 87-7265, 87-7361, 87-7362, 87-7441, AND 87-7451

People of the State of California, et al.
and
North American Telecommunications Association, et al.
v.
Federal Communications Commission and United States of America and Pacific Bell, et al.

United States Court of Appeals for the 9th Circuit

This consolidated case involves appeals of the following FCC decisions: Report and Order, 194 FCC 2d 958 (1986) (J.A. 952); Memorandum Opinion and Order on Reconsideration, FCC 87-102 (released May 22, 1987), 52 Fed. Reg. 21954 (June 10, 1987), reported at 2 FCC Rcd 3035 (J.A. 1271); and Report and Order, FCC 8-103 (released May 22, 1987), 52 Fed. Reg. 20714 (June 3, 1987), reported at 2 FCC Rcd 3072 (J.A. 1308), (referred to as the Computer Inquiry III decision). In the Computer III decision, the FCC abandoned the requirement that the Bell operating companies provide enhanced services through structurally independent subsidiary companies. In so ruling, the FCC specifically preempted any state law or regulation which would require the provision of enhanced services through structural separations. The FCC also preempted any state regulation over the terms, conditions and price of enhanced services. The California Public Service Commission and numerous other state regulatory commissions, including the Arkansas Public Service Commission, have appealed the FCC decisions.

CIVIL ACTION NO. 82-0192

United States of America
v.
Western Electric Company, Inc., et al.

United States District Court for the District of Columbia, Civil Action No. 82-0192

This case involves the divestiture of American Telephone and Telegraph Company from the Bell operating companies. Numerous issues are involved regarding the Bell operating companies' provision of enhanced services, information services, cellular mobile services, and toll services. The case also involves the prohibition on crossing local access and transport area boundaries as well as certain prohibitions on manufacturing and research and development for the Bell operating companies. Because these issues affect the state's regulation of Southwestern Bell Telephone Company, the Commission has filed briefs as Amicus Curiae.

Section 12. Federal Dockets on Appeal

CASE NO. 86-1678

National Association of Regulatory Utility Commissioners, et al.
v.
Federal Communications Commission

United States Court of Appeals No. 86-1678, and Consolidated Cases

The Commission has joined petitioners seeking review of the FCC's assertion of preemptive jurisdiction to deregulate inside wire. The Commission asserts that the local telephone company should be regulated in providing and maintaining these facilities. On July 7, 1989, the Court upheld, in part, the findings of the FCC, and remanded the FCC Order for reconsideraton.

87-1588 AND CONSOLIDATED CASES

American Gas Association, et al.
v.
Federal Energy Regulatory Commission

United States Court of Appeals for the District of Columbia

This appeal of the FERC's Order No. 500 series argues that the FERC should use its authority under Section 5 of the Natural Gas Act to modify gas producers Take-Or-Pay contract rights against interstate natural gas pipeline companies. FERC policy permitted pipeline companies to recover Take-Or-Pay costs from pipeline sales customers, including local distribution companies. The APSC intervened on the side of the petitioners.

On October 16, 1989, the appeals court remanded FERC's Order No. 500 back to FERC to comply with the mandate in AGE v. FERC. In response to the court's remand, FERC issued its final rule, Order No. 500-H, on December 13, 1989.

CASE NO. 88-1774

National Steel Corporation, et al.
v.
Wm. E. Long

United States Court of Appeals for the Sixth Circuit

The APSC filed a motion for leave to join in the filing of a brief Amicus Curiae together with the Wisconsin and Ohio Commissions. The issue in this case was whether Panhandle Eastern Pipeline Company, which transports gas to National Steel Corporation, is engaged in the local distribution of gas, and, thus, subject to the jurisdiction of the Michigan Public Service Commission.

The Michigan appeals court affirmed the Michigan Commission's Orders and state law. Both required an interstate pipeline to have a Certificate of Convenience and Necessity before bypassing a local distribution company for direct sale to Michigan industrial customers. However, the United States Court of Appeals for the District of Columbia upheld the FERC Order which approved the bypass.

Section 13. Commission Review of Utility Operations

A. Informal Customer Inquiries and Complaints

During 1989, 18,909 Arkansas customers contacted the Commission's Consumer Services Office regarding utility issues. Of those 18,909 contacts, 1,990 were complaints. The other 16,919 contacts fall into several general categories:

- calls involving requests for information or referrals to other agencies or jurisdictions (12%);
- calls referred to utility companies because the customer had not made a "good faith effort" to resolve the complaint before contacting the PSC (37%);
- calls from customers and utilities concerning potential, open, and closed complaints (13%);
- administrative/other calls - which include staff interaction on complaints - (24%); and,
- lost calls - which are calls terminated by the calling party - (3%).

Although complaints represent only 11% of all contacts through Consumer Services, they require a significant allocation of time and resources. Complaints involve numerous contacts with utility representatives and staff members as well as extensive research to ensure compliance with Commission rules and approved tariffs. Many complaints also require additional technical analysis, field investigation, and written reports.

Staff members resolved many issues through individual complaints during 1989 which ultimately affected large numbers of Arkansas customers. Some examples of those issues are:

- refusal to enter delayed payment agreements;
- changes in billing cycles which resulted in overcharges;
- meter removals during complaint tests;
- estimated billing for more than two months;
- installation delays resulting from estimated service dates based on average time instead of customer facilities;
- poor quality service;
- alternative operator services;
- deposits which did not meet Rules criteria; and
- incorrectly imposed late charges.

Information regarding the customer and the nature of the complaint is recorded for each contact. In addition, major categories are used to divide complaints by one of three subject areas: 1) billing; 2) service; and 3) service requests. The chart which follows illustrates the distribution of the 1989 complaints by category and by industry group.

Section 13. Commission Review of Utility Operations

MAJOR CATEGORY COMPLAINT SUMMARY BY INDUSTRY
YEAR ENDED DECEMBER 31, 1989

WRITTEN COMPLAINTS

	TELEPHONE	ELECTRIC	GAS	WATER	TOTAL
BILLING	63	59	11	2	135
SERVICE	28	6	2	0	36
SERVICE REQUESTS	51	7	4	1	63
TOTALS	142	72	17	3	234

VERBAL COMPLAINTS

	TELEPHONE	ELECTRIC	GAS	WATER	TOTAL
BILLING	388	623	210	15	1,236
SERVICE	161	50	23	0	234
SERVICE REQUESTS	184	67	33	33	286
TOTALS	733	740	266	17	1,756
	875	812	283	20	1990

Documentation of several new items began in 1987 for each complaint. From these fields of information, complaints are now analyzed in a variety of new ways.

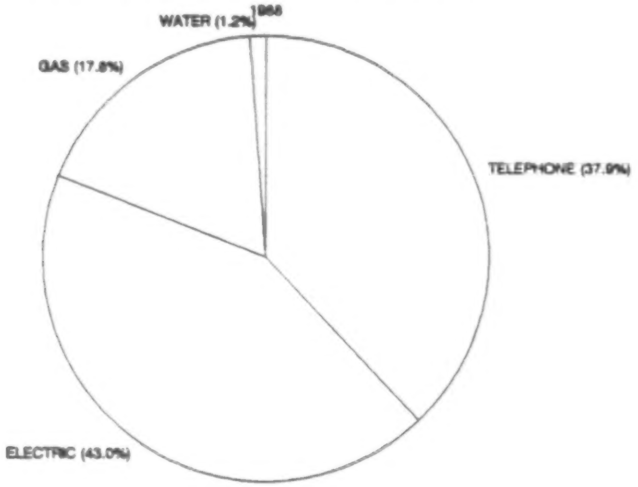
Subcategories are used to identify complaint issues more specifically both for industry groups and for individual companies. The following charts and tables use those subcategories, as well as other fields, to provide information which should be useful both to regulated utilities and to their customers.

Section 13. Commission Review of Utility Operations

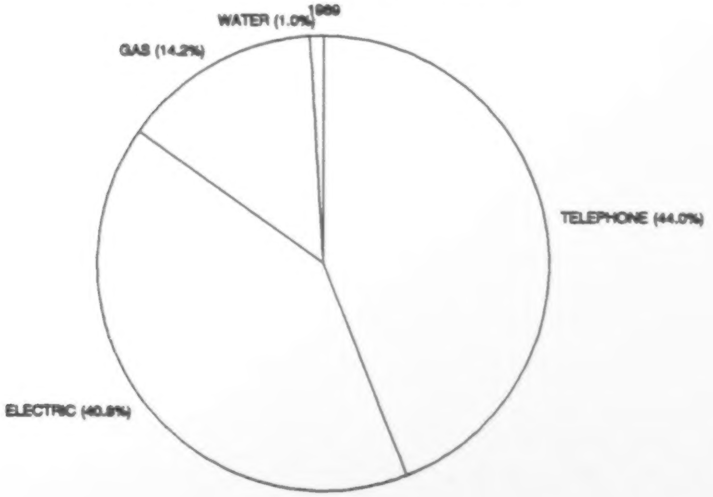
Complaint Percentages By Industry for 1988 and 1989

These two charts compare the percentage of complaints by industry for 1988 and 1989. These percentages do not reflect a significant change in the complaints received in 1988 and 1989 by industry, with electric utilities having 41%, telephone utilities 44%, gas utilities 14%, and water utilities 1%.

COMPLAINT PERCENTAGES BY INDUSTRY



COMPLAINT PERCENTAGES BY INDUSTRY



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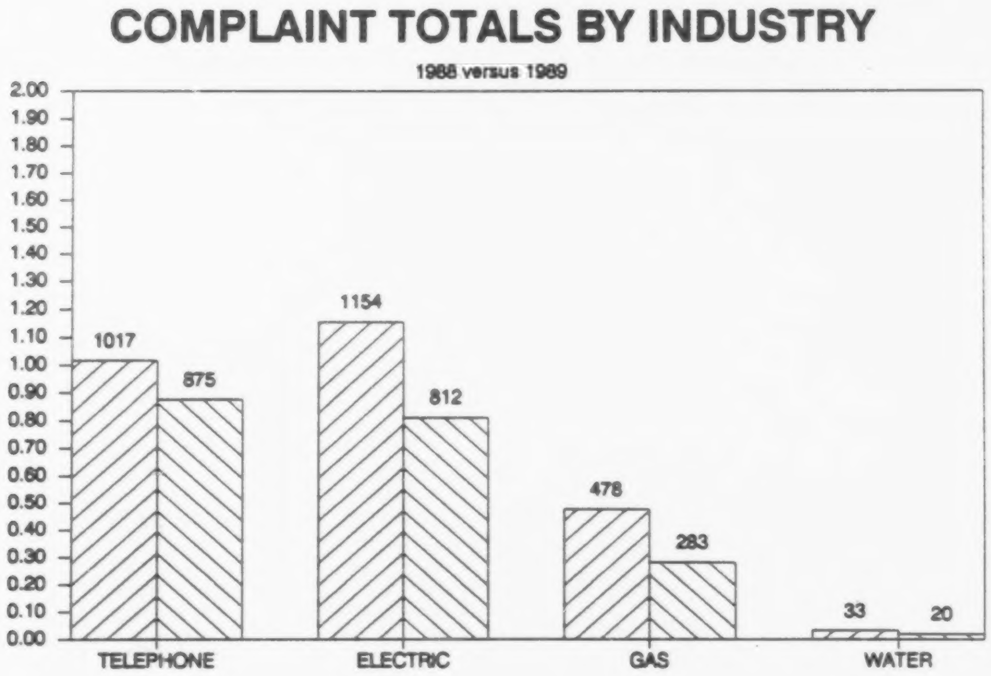
Complaint Totals By Industry: 1988 vs. 1989

The chart below shows a comparison of the total number of complaints received by the Commission by industry for 1988 and 1989. This comparison reflects a decrease of 692 in the total number of complaints received. The largest decrease was in the electric industry (342), followed by the gas industry (195), the telephone industry (142), and the water industry (13).

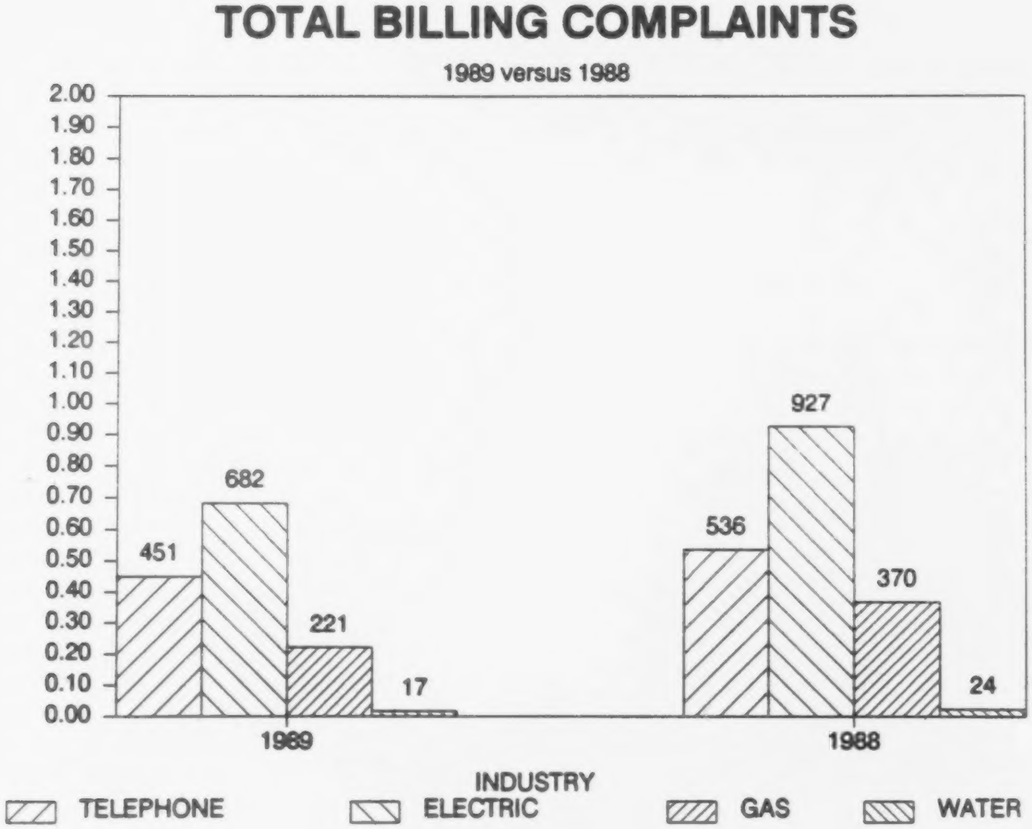

COMPLAINT TOTALS BY INDUSTRY

1988 versus 1989

Section 13. Commission Review of Utility Operations

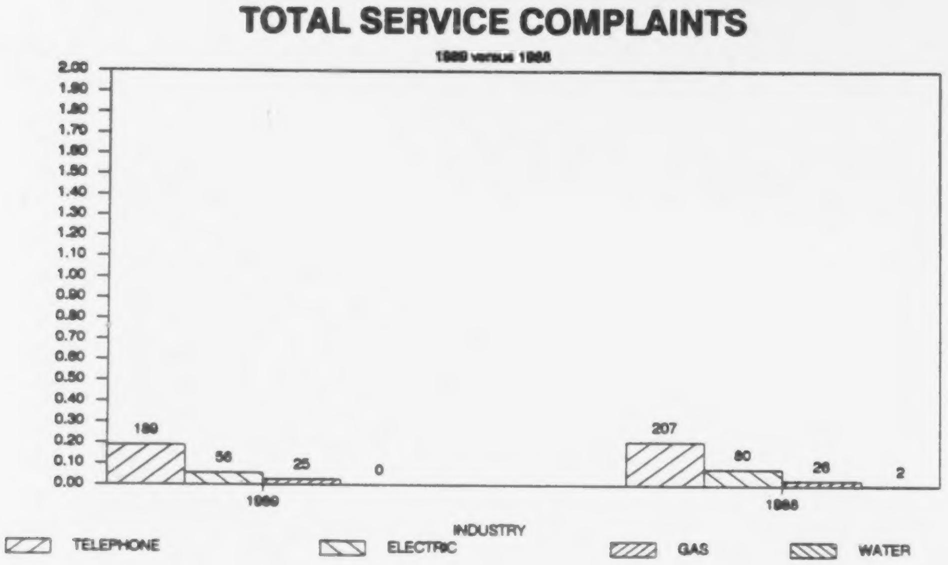
Analysis Of Each Major Category By Industry

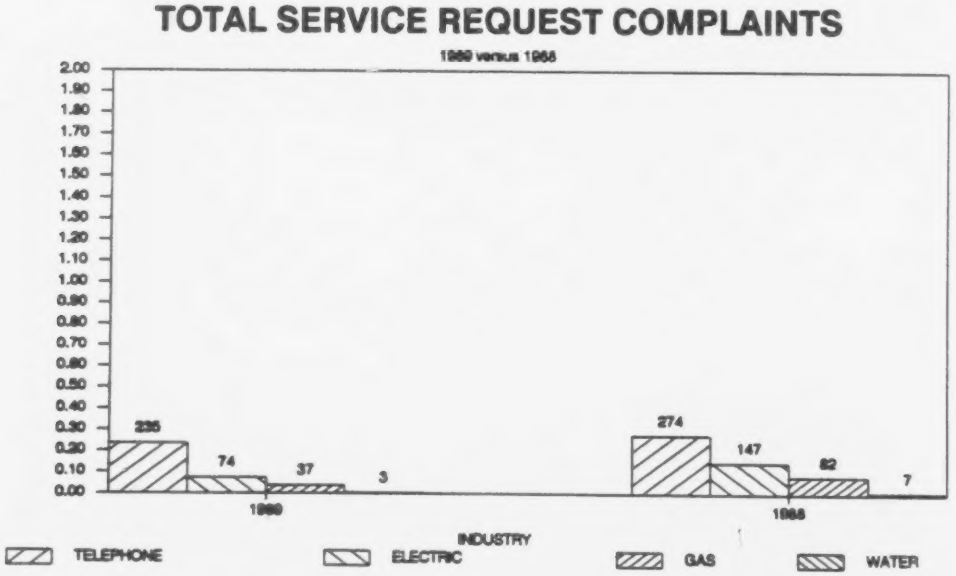
The following charts compare the total complaints for each major category (billing, service and service request) by industry for 1988 and 1989. The largest number of complaints received in 1988 and 1989 concerned billing, followed by service request complaints and service complaints.



TOTAL BILLING COMPLAINTS

Section 13. Commission Review of Utility Operations



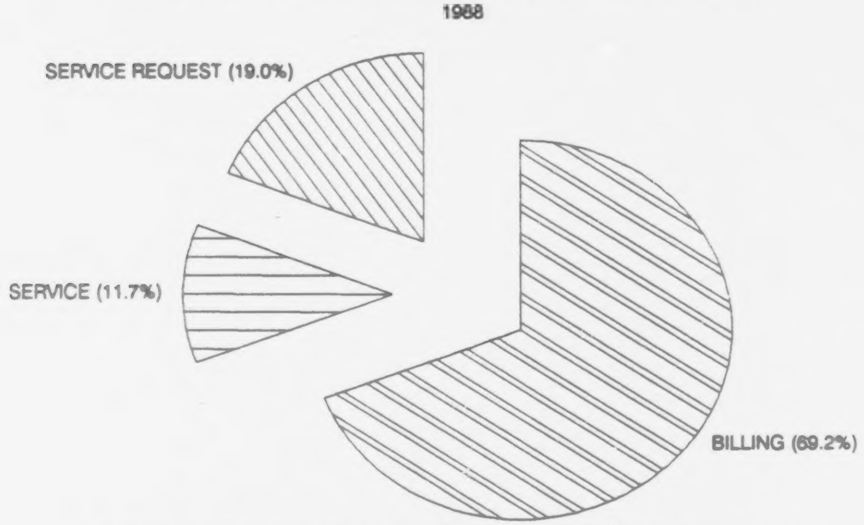


Section 13. Commission Review of Utility Operations

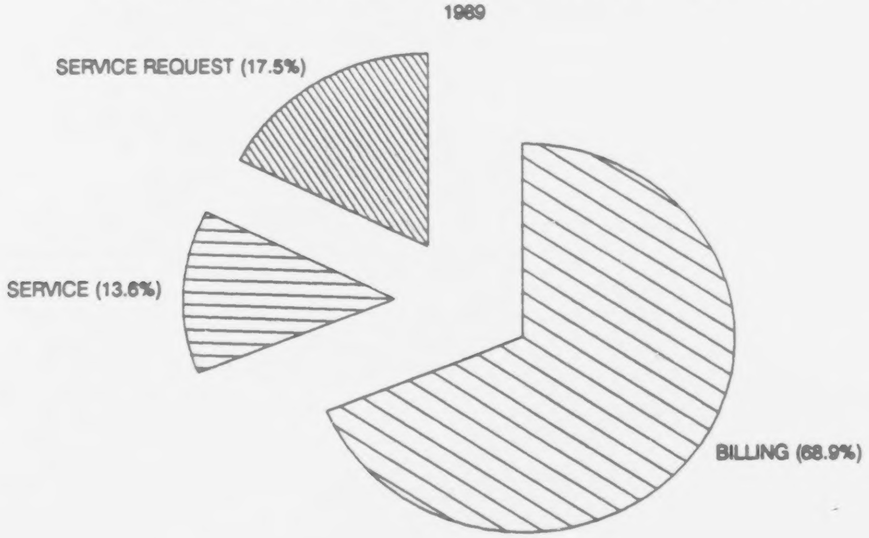
Analysis Of Complaint Percentages For Each Major Category

These charts show the percentage of total complaints for 1988 and 1989 by major category - billing, service, and service request. The charts reflect a decrease in 1989 for billing complaints and service request complaint percentages.

COMPLAINT PERCENTAGES FOR EACH CATEGORY



COMPLAINT PERCENTAGES FOR EACH CATEGORY



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1988 Complaint Subcategories

TERM:	SERVICE HAS BEEN TERMINATED
SOFF:	SHUT-OFF IS IMMINENT
DEP:	DEPOSIT PROBLEMS AND DISPUTES
RAT:	COMPLAINTS REGARDING EXISTING RATES
BC:	BILL CALCULATION PROBLEMS AND DISPUTES
SP:	SERVICE PROBLEM
NSR:	NEW SERVICE REQUEST
ESR:	EXISTING SERVICE REQUEST

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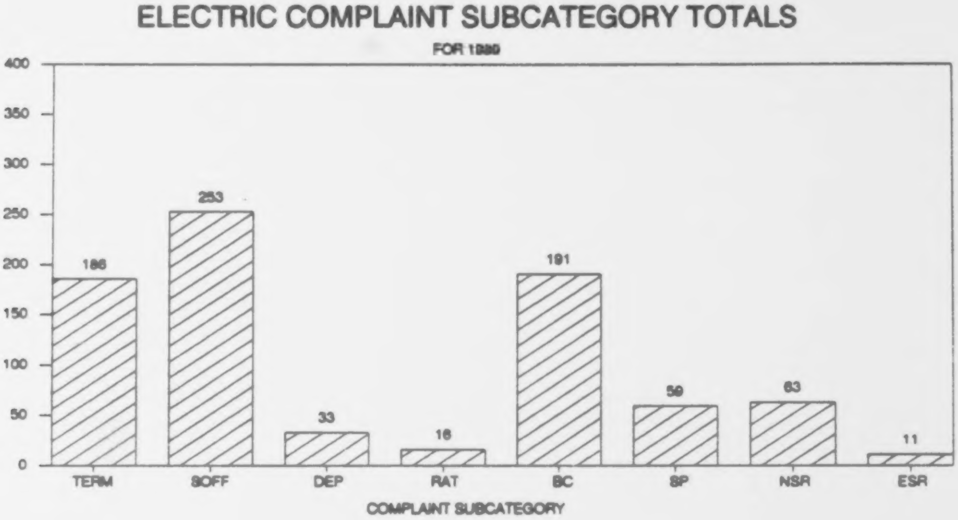
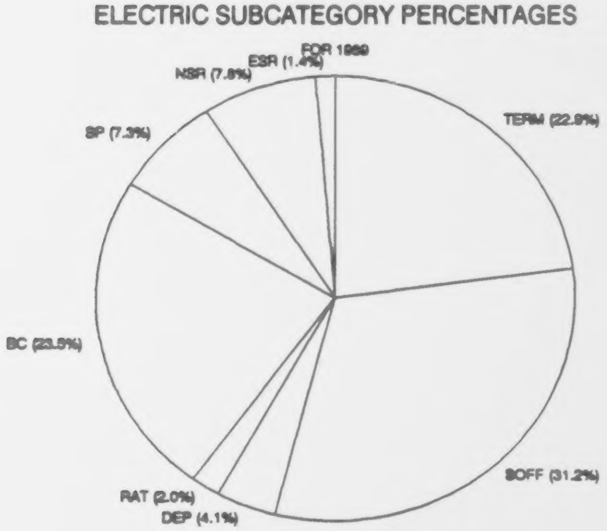
The following charts reflect the total number of complaints and the percentage of complaints by subcategory for each industry for 1989. The majority of the complaints for each industry involve termination, shut-off, billing, service problems, and new service requests.





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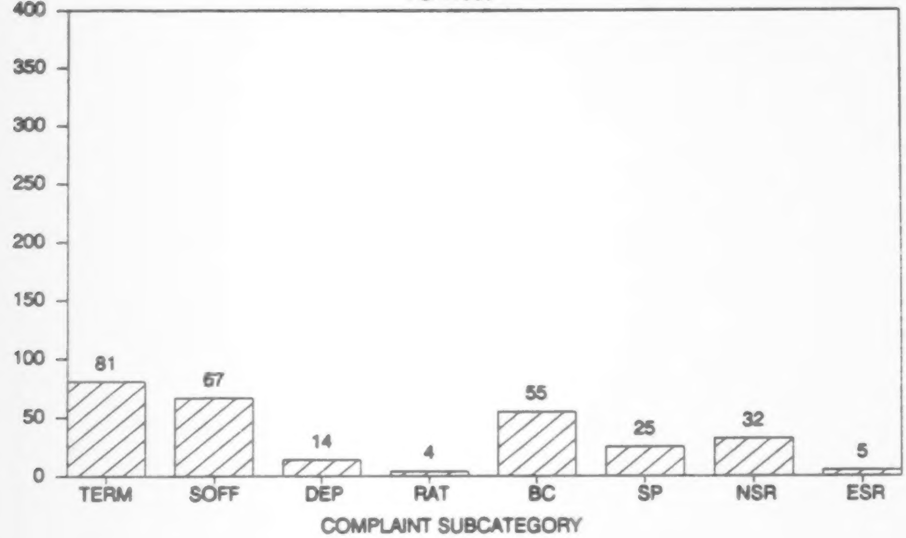
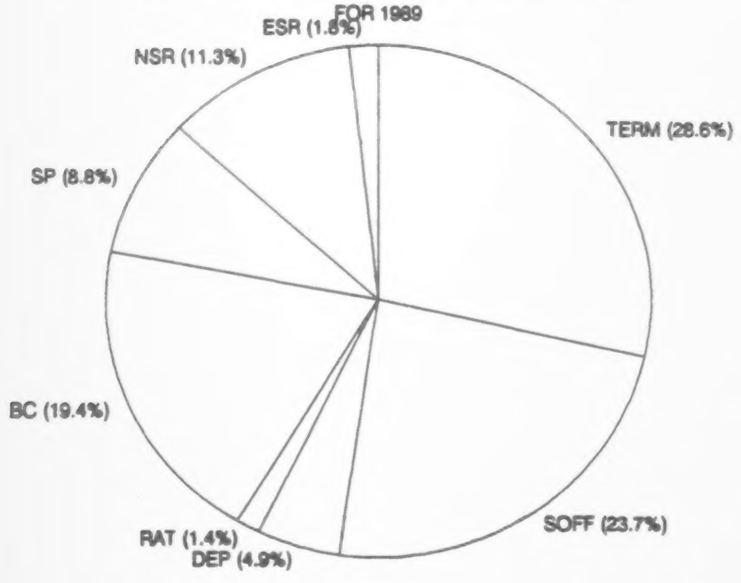
GAS COMPLAINT SUBCATEGORY TOTALS

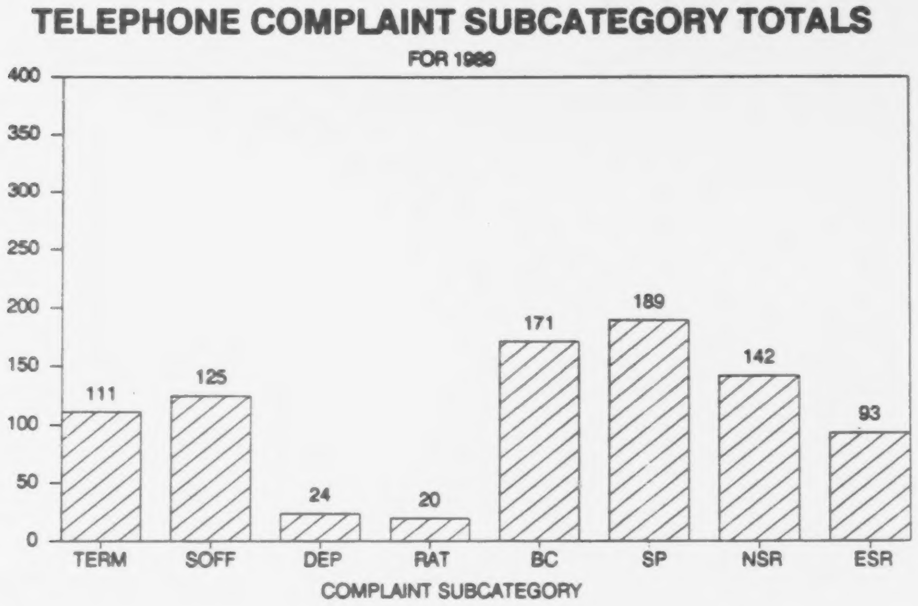
FOR 1989

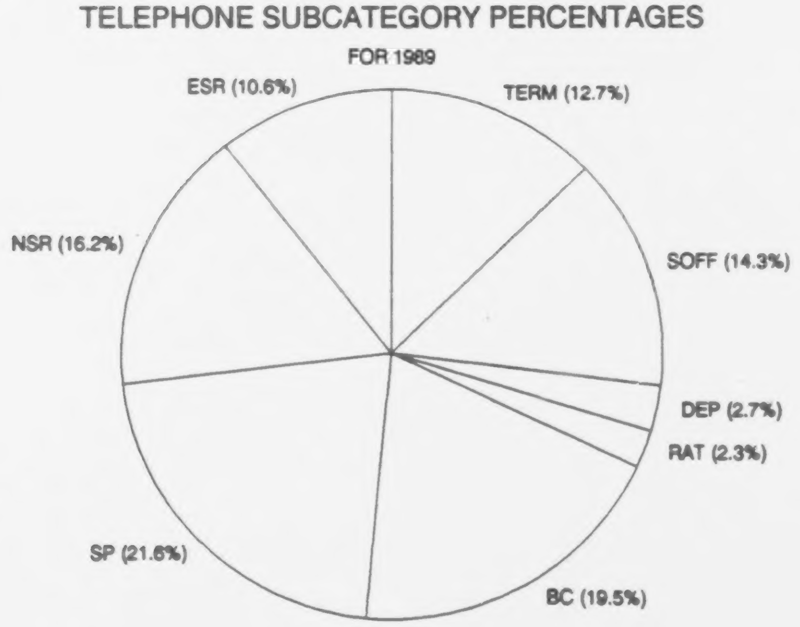


GAS SUBCATEGORY PERCENTAGES



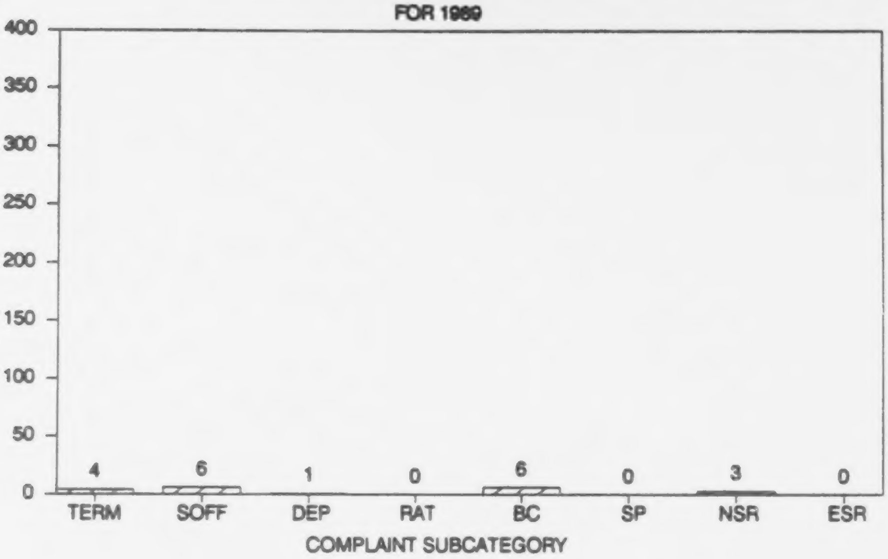
Section 13. Commission Review of Utility Operations



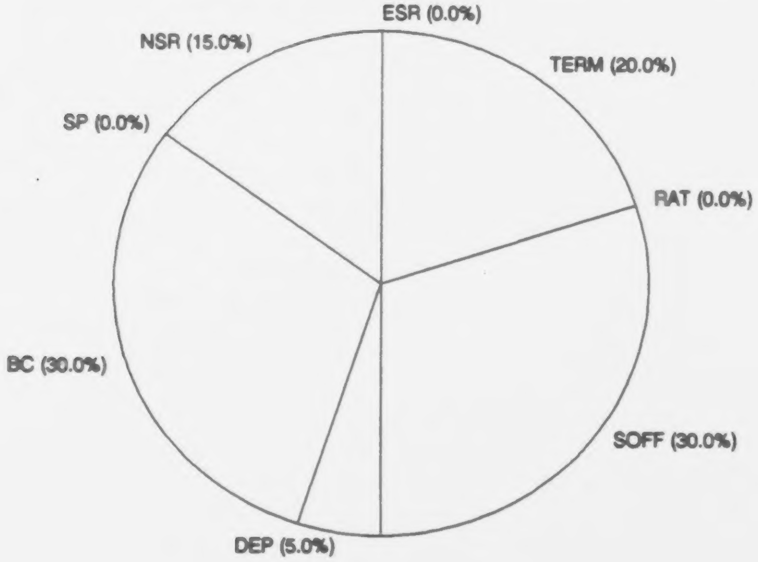


WATER SUBCATEGORY TOTALS

FOR 1989



WATER SUBCATEGORY PERCENTAGES FOR 1989



Section 13. Commission Review of Utility Operations.

The following four tables reflect the subcategory percentages for each utility, organized by industry.

COMPLAINT PERCENTAGES BY SUBCATEGORY
FOR EACH UTILITY
YEAR ENDED DECEMBER 31, 1989
ELECTRIC COMPANIES

NAME OF COMPANY	TERM	SOFF	DEP	RAT	BC	SP	NSR	ESR
Arkansas Electric Coop. Corp.	0%	0%	0%	0%	0%	0%	0%	0%
Arkansas Power & Light Co.	25%	35%	3%	2%	23%	6%	5%	1%
Arkansas Valley Electric Coop.	33%	25%	15%	0%	13%	5%	10%	0%
Ashley - Chicot Electric Coop.	14%	14%	0%	14%	0%	29%	29%	0%
C & L Electric Cooperative	31%	19%	0%	0%	31%	19%	0%	0%
Carroll Electric Coop. Corp.	12%	29%	0%	6%	24%	0%	24%	6%
Clay County Electric Coop. Corp.	25%	0%	0%	0%	0%	0%	50%	25%
Craighead Electric Coop. Corp.	20%	20%	60%	0%	0%	0%	0%	0%
Empire District Electric Co.	0%	0%	0%	0%	0%	0%	0%	0%
Farmers Electric Coop. Corp.	100%	0%	0%	0%	0%	0%	0%	0%
First Electric Coop. Corp	13%	20%	11%	0%	33%	7%	15%	2%
Mississippi County Electric Coop., Inc.	50%	50%	0%	0%	0%	0%	0%	0%
North Arkansas Electric Coop., Inc.	0%	0%	0%	0%	33%	67%	0%	0%
Oklahoma Gas and Electric Co.	29%	42%	3%	3%	16%	0%	6%	0%
Ouachita Electric Coop. Corp.	25%	25%	0%	0%	50%	0%	0%	0%
Ozarks Electric Coop. Corp.	11%	11%	0%	6%	28%	11%	28%	6%
Petit Jean Electric Coop. Corp.	0%	20%	0%	0%	40%	0%	40%	0%
Riceland Electric Coop., Inc.	0%	0%	17%	17%	33%	33%	0%	0%
Rich Mountain Electric Coop., Inc.	0%	0%	0%	0%	100%	0%	0%	0%
South Central Arkansas Electric Coop.	0%	25%	0%	0%	25%	0%	50%	0%
Southwest Arkansas Electric Coop. Corp.	15%	15%	0%	0%	46%	0%	23%	0%
Southwestern Electric Power Co.	26%	26%	11%	0%	21%	11%	5%	0%
Woodruff Electric Coop. Corp.	14%	43%	0%	0%	29%	0%	14%	0%
TOTAL	24%	31%	4%	2%	23%	7%	8%	1%

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COMPLAINT PERCENTAGES BY SUBCATEGORY FOR EACH UTILITY
YEAR ENDED DECEMBER 31, 1989
GAS COMPANIES

NAME OF COMPANY	TERM	SOFF	DEP	RAT	BC	SP	NSR	ESR
Arkansas Louisiana Gas Co.	29%	24%	3%	1%	20%	9%	12%	1%
Arkansas Oklahoma Gas Corp.	31%	15%	8%	0%	23%	8%	8%	8%
Arkansas Western Gas Co. (Includes Associated Natural Gas Co.)	23%	26%	20%	3%	11%	6%	11%	0%
Louisiana - Nevada Transit Co.	0%	0%	0%	0%	0%	0%	0%	0%
Mansfield Gas, Inc.	0%	0%	0%	0%	0%	0%	0%	0%
Union Gas Company of Arkansas	0%	100%	0%	0%	0%	0%	0%	0%
TOTALS	29%	24%	5%	1%	19%	9%	12%	1%

COMPLAINT PERCENTAGES BY SUBCATEGORY
FOR EACH UTILITY
YEAR ENDED DECEMBER 31, 1989
WATER COMPANIES

NAME OF COMPANY	TERM	SOFF	DEP	RAT	BC	SP	NSR	ESR
General Waterworks Corp. Pine Bluff	20%	30%	5%	0%	30%	0%	15%	0%
Shumaker Public Service Corp. [water]	0%	0%	0%	0%	0%	0%	0%	0%
TOTALS	20%	30%	5%	0%	30%	0%	15%	0%

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COMPLAINT PERCENTAGES BY SUBCATEGORY FOR EACH UTILITY
YEAR ENDED DECEMBER 31, 1989
TELEPHONE COMPANIES

NAME OF COMPANY	TERM	SOFF	DEP	RAT	BC	SP	NSR	ESR
Alltel Arkansas, Inc.	1%	4%	2%	4%	17%	43%	11%	18%
Arkansas Telephone Co., Inc.	25%	25%	25%	0%	25%	0%	0%	0%
Caddoan Telephone Co.	0%	0%	0%	0%	0%	0%	0%	100%
Central Arkansas Telephone Coop., Inc.	0%	0%	0%	0%	50%	0%	0%	50%
Cleveland County Telephone Co.	13%	25%	0%	0%	38%	13%	13%	0%
Continental Telephone Co. of Arkansas	7%	9%	0%	4%	18%	40%	13%	9%
Continental Telephone Co. of Missouri	0%	0%	0%	0%	0%	0%	0%	0%
Decatur Telephone Co.	0%	0%	0%	0%	0%	0%	0%	0%
E. Ritter Telephone Co.	0%	0%	50%	0%	0%	50%	0%	0%
GTE Southwest Inc.	5%	16%	0%	8%	3%	48%	16%	3%
Lavaca Telephone Co., Inc.	0%	100%	0%	0%	0%	0%	0%	0%
Liberty Telephone Co.	6%	22%	0%	0%	11%	28%	11%	22%
Madison County Telephone Co., Inc.	0%	0%	0%	0%	0%	67%	0%	33%
Magazine Telephone Co.	0%	0%	0%	0%	0%	0%	0%	0%
Mountain Home Telephone Co., Inc.	0%	8%	0%	8%	33%	25%	8%	17%
Mountain View Telephone Co.	0%	20%	20%	0%	0%	20%	20%	20%
Northern Arkansas Telephone Co.	0%	0%	0%	0%	10%	68%	13%	10%
Perco Telephone Co.	0%	0%	0%	0%	13%	75%	13%	0%
Prairie Grove Telephone Co.	0%	0%	0%	0%	50%	0%	50%	0%
Redfield Telephone Co.	14%	29%	14%	0%	43%	0%	0%	0%
Rice Belt Telephone Co., Inc.	0%	0%	0%	0%	0%	0%	0%	0%
South Arkansas Telephone Co., Inc.	0%	0%	0%	0%	0%	0%	0%	0%
Southwest Arkansas Telephone Co-op.	67%	0%	33%	0%	0%	0%	0%	0%
Southwestern Bell Telephone Co.	20%	19%	2%	3%	15%	12%	21%	8%
Tri-County Telephone	0%	0%	0%	0%	43%	14%	43%	0%
Union Telephone Co., Inc.	0%	0%	0%	0%	0%	100%	0%	0%
United Telephone Co. of Arkansas	0%	0%	29%	14%	0%	57%	0%	0%
Walnut Hill Telephone Co.	0%	0%	0%	0%	57%	14%	14%	14%
Yelcot Telephone Co., Inc.	0%	25%	0%	0%	25%	25%	0%	25%
Yell County Telephone Co.	33%	0%	17%	0%	17%	33%	0%	0%
All LD Carriers (AT&T, MCI, Sprint, Etc.)	1%	0%	0%	2%	70%	4%	19%	4%
TOTALS	13%	14%	3%	2%	20%	22%	16%	11%

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The following four tables show the complaint ratio per 1000 customers for each utility. At the end of each table is an average complaint ratio for the industry group. This analysis was performed based on the number of customers and complaints in Arkansas only.

COMPLAINT RATIO FOR ELECTRIC COMPANIES
YEAR ENDED DECEMBER 31, 1989

NAME OF COMPANY	COMPLAINTS	ARKANSAS CUSTOMERS	COMPLAINTS PER/1000 CUSTOMERS
Arkansas Electric Coop. Corp.	0	17	0.00
Arkansas Power & Light Co.	563	558301	1.01
Arkansas Valley Electric Coop.	40	30295	1.32
Ashley - Chicot Electric Coop.	7	3767	1.86
C & L Electric Cooperative	16	15691	1.02
Carroll Electric Coop. Corp.	17	33742	0.50
Clay County Electric Coop. Corp.	4	10089	0.40
Craighead Electric Coop. Corp.	5	21415	0.23
Empire District Electric Co.	0	2938	0.00
Farmers Electric Coop. Corp.	1	4988	0.20
First Electric Coop. Corp.	46	44346	1.04
Mississippi County Electric Coop., Inc.	2	3396	0.59
North Arkansas Electric Coop., Inc.	3	21994	0.14
Oklahoma Gas and Electric Co.	31	54318	0.57
Ouachita Electric Coop. Corp.	4	8315	0.48
Ozarks Electric Coop. Corp.	18	24859	0.72
Petit Jean Electric Coop. Corp.	5	13567	0.37
Riceland Electric Coop., Inc.	6	3437	1.75
Rich Mountain Electric Coop., Inc.	1	5262	0.19
South Central Arkansas Electric Coop.	4	7653	0.52
Southwest Arkansas Electric Coop. Corp.	13	19611	0.66
Southwestern Electric Power Co.	19	79656	0.24
Woodruff Electric Coop. Corp.	7	16292	0.43
TOTALS	812	983949	0.83

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COMPLAINT RATIO FOR GAS COMPANIES
YEAR ENDED DECEMBER 31, 1989

NAME OF COMPANY	COMPLAINTS	ARKANSAS CUSTOMERS	COMPLAINTS PER/1000 CUSTOMERS
Arkansas Louisiana Gas Co.	233	402410	0.58
Arkansas Oklahoma Gas Corp.	14	38329	0.37
Arkansas Western Gas Co.	35	98317	0.36
(Includes Associated Natural Gas Co.)			
Louisiana - Nevada Transit Co.	0	1588	0.00
Mansfield Gas, Inc.	0	684	0.00
Union Gas Company of Arkansas	1	2101	0.48
TOTALS	283	543429	0.52

COMPLAINT RATIO FOR WATER COMPANIES
YEAR ENDED DECEMBER 31, 1989

NAME OF COMPANY	COMPLAINTS	ARKANSAS CUSTOMERS	COMPLAINTS PER/1000 CUSTOMERS
General Waterworks Corp. Pine Bluff	20	19534	1.02
Shumaker Public Service Corp. [water]	0	549	0.00
TOTALS	20	20083	0.88

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COMPLAINT RATIO FOR TELEPHONE COMPANIES
YEAR ENDED DECEMBER 31, 1989

NAME OF COMPANY	COMPLAINTS	ARKANSAS CUSTOMERS	COMPLAINTS PER/1000 CUSTOMERS [see note]
Alltel Arkansas, Inc.	83	71204	1.17
Arkansas Telephone Co., Inc.	4	5621	0.71
Caddoan Telephone Co.	1	285	3.51
Central Arkansas Telephone Coop., Inc.	2	2092	0.96
Cleveland County Telephone Co.	8	2329	3.43
Continental Telephone Co. of Arkansas	45	74068	0.61
Continental Telephone Co. of Missouri	0	948	0.00
Decatur Telephone Co.	0	741	0.00
E. Ritter Telephone Co.	2	3861	0.52
GTE Southwest, Inc.	62	78752	0.79
Lavaca Telephone Co., Inc.	1	1149	0.87
Liberty Telephone Co.	18	13240	1.36
Madison County Telephone Co., Inc.	3	2601	1.15
Magazine Telephone Co.	0	756	0.00
Mountain Home Telephone Co., Inc.	12	14384	0.83
Mountain View Telephone Co.	5	4309	1.16
Northern Arkansas Telephone Co.	31	4836	6.41
Perco Telephone Co.	8	3048	2.62
Prairie Grove Telephone Co.	2	6315	0.32
Redfield Telephone Co.	7	1311	5.34
Rice Belt Telephone Co., Inc.	0	1032	0.00
South Arkansas Telephone Co., Inc.	0	3262	0.00
Southwest Arkansas Telephone Coop.	13	4044	0.74
Southwestern Bell Telephone Co.	449	732319	0.61
Tri-County Telephone	7	4707	1.49
Union Telephone Co., Inc.	2	603	3.32
United Telephone Co. of Arkansas	7	15604	0.45
Walnut Hill Telephone Co.	7	4316	1.62
Yelcot Telephone Co., Inc.	4	2481	1.61
Yell County Telephone Co.	6	4062	1.48
All LD Carriers (AT&T, MCI, Sprint, Etc.)	96	N/A	N/A
TOTALS	875	1064280	0.82

[NOTE-calculations are adjusted to complaints / 1000 customers]

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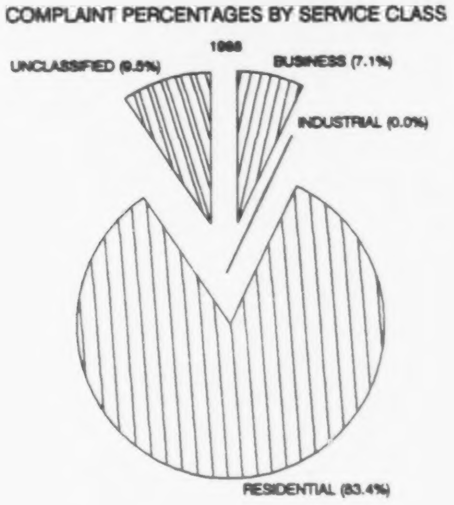
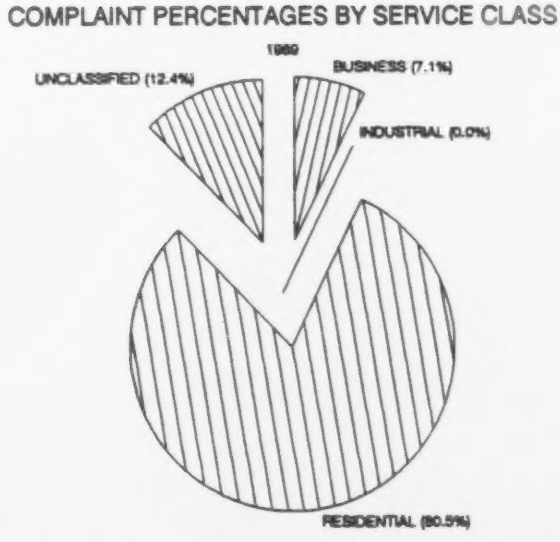
The charts below show the percentage of complaints by class of service (residential, business, and unclassified) for 1988 and 1989. The majority of complaints received in both years involve residential customers, followed by business and unclassified customers.


COMPLAINT PERCENTAGES BY SERVICE CLASS


COMPLAINT PERCENTAGES BY SERVICE CLASS

Section 13. Commission Review of Utility Operations

B. Management Audit Review for PSC Rules Compliance

The Management Audits Staff periodically reviews the number and character of consumer complaints the Commission receives to identify possible trends for a particular company or industry. Based on this review, the Staff performs focused inspections to ensure compliance with the Commission's General Service Rules. During 1989, the Management Audits Staff performed investigations of the rebilling practices of several telephone utilities in response to consumer complaints. Corrective action was taken in response to the Staff's findings and recommendations. The Staff also performed a focused management audit of the customer service function of a telephone utility as a result of complaints received by the Commission. Significant improvements were made in the utility's operations as a result of the Staff's investigation. The Management Audits Staff participated in fourteen dockets during 1989 which addressed compliance with the Commission's General Service Rules, and also participated in reviewing and proposing revisions to those Rules.

C. Compliance Audits

Compliance audits are performed to investigate utility costs subject to adjustment clauses. The purpose of these audits is to ensure that adjustment amounts and their recovery are in compliance with company tariffs as approved by the Commission. During 1989, the Staff completed audits of the various adjustment clauses of thirteen utilities. Staff's investigations resulted in refunds to Arkansas customers of approximately $270,000. At year end 1989, audits of four utilities were in the final stages of completion and audits of eight utilities were in progress.

D. Quality of Service Inspections and Investigations

Through periodic inspections of telecommunications, electric and water utility facilities and operating procedures, the Staff ensures that ratepayers receive safe, adequate, and continuous service as required by Commission Rules. Consumer complaints regarding service quality are also followed by Staff investigations.

The Quality of Service Staff performed the following inspections and investigations during 1989:

Number of Periodic Inspections	72
Number of Complaint Investigations	55
TOTAL	127

E. Gas Pipeline Safety Inspections and Investigations

Numerous inspections of intra-state natural gas operators and master-metered gas systems for safety, corrosion, and leakage control were performed by Staff to ensure compliance with the Arkansas Gas Pipeline Safety Code and the Special Rules - Gas. Also investigated were natural gas related accidents to ensure operator compliance with Commission standards. During 1989, the Gas Pipeline Safety Staff performed the following inspections and investigations:

Number of Operator Inspections	60
Number of Master Meter System Inspections	149
Number of Accident Investigations	10
TOTAL	219

At year end 1989, fifteen (15) inspections were pending.

Section 14. Other Commission Activities

SPECIAL PROJECTS

AERRVRO

This special project represents the preliminary work done on the investigation of Arkla Energy Resources rates that culminated in Docket No. 89-089-U. The project was rolled into this Docket and the special project was closed in September 1989.

PETITION PROCEDURE

This project began in response to language in Act 952 which requires the Arkansas Public Service Commission to adopt regulations governing the petition process. Under Act 952, water or sewer companies which are Class C or lower may petition the Commission to be included in the definition of "public utility". Staff is currently developing a petition procedure in response to the Act's requirement.

TASK FORCE ON UTILITY SPONSORED ENERGY CONSERVATION

As the result of an Energy Alternatives Conference sponsored by the Department of Human Services, a Task Force was established to develop utility-sponsored energy conservation programs. The Office of Community Services, the Economic Opportunity Agency of Washington County, the Alliance to Save Energy, utilities, and the Staff of the Commission participated in discussions to define the type of program needed in Arkansas. A draft of the Arkansas Residential Energy Field Test Project Description was completed and distributed among the participants for their review.

FEDERAL LEGISLATION REVIEW

On a continuing basis, the Commission monitors, reviews, and analyzes pieces of proposed federal legislation which have utility rate implications. The Commission performs this function either on its own initiative or at the request of the Director of Congressional Relations of the National Association of Regulatory Utility Commissioners.

With the assistance of the technical Staff of the Research and Policy Development Section, the Commission often prepares correspondence to the Congressional delegation addressing significant issues. Proposed coal slurry pipeline legislation, the taxation of contributions in aid of construction, uranium enrichment services, excess deferred income tax, negotiated rulemaking, and protection from automated dialed advertising were issues addressed during the year.

LEAST-COST PLANNING WORKSHOP

The Arkansas Public Service Commission will host the Southeast Regional Training Workshop on

Least-Cost Planning in April, 1990. The Workshop, sponsored by the NARUC, will be held in Little Rock. Areas of interest will include the rationale for least-cost planning, benefits and costs of least-cost planning, steps in least-cost planning, and the role of incentives in the process.

CLEAN AIR LEGISLATION

The Arkansas Public Service Commission continues to monitor and research the technical and financial aspects of proposed "Clean-Air" legislation and its potential effect on the state's economy. Neither the White Bluff nor the Independence Steam Electric Stations have the benefit of advanced "scrubber" technology and could be subjected to costly compliance measures due to their SO2 and NOx emission levels.

In the past, Arkansas relied upon advantageous low sulfur Wyoming coal contracts to meet the required emission standards. In the current session of Congress, 1990 developments related to S. 1630 and H.R. 3030 could be decisive for Arkansas. The degree of compromise reached in the cost-sharing argument during the final hours before passage of either bill will undoubtedly determine Arkansas' cost.

FASB 96, ACCOUNTING FOR INCOME TAXES

Although the implementation date of FASB 96, Accounting for Income Taxes, has been delayed, the potential effect of this statement continues to be a concern in Arkansas. Our understanding of the FASB 96 transition from the deferral method of accounting to the liability method of accounting is that there will not be any refundable excess deferred taxes created.

The excess deferred taxes segregated by a restatement of the depreciation method related deferred tax reserves are still protected by Sec. 203(e) of the IRC and will only appear separately for financial reporting purposes. However, the potential of FASB 96 to enable the identification of previously unidentified excess deferred tax reserves which could be available for refund has not been overlooked.

As yet, the issue has not been addressed by the electric industry. However, comments on the issue have been filed by the APSC in FCC Docket No. CC 89-360.

OTHER FASB PRONOUNCEMENTS

The APSC is evaluating the potential effects of other FASB statements related to pension accounting, the accounting for post-employment retirement benefits, and the accounting for excess capacity deferrals. These issues should be addressed on a case by case basis as they develop.

PUBLIC UTILITY HOLDING COMPANY ACT (PUHCA)

The Arkansas Public Service Commission has monitored and filed Comments on proposed amendments to the Public Utility Holding Company Act. One of the proposed amendments would promote competition by exempting independent power suppliers from PUHCA regulations. The APSC has espoused the position that state regulators must keep the power to review the prudence of power purchases as well as the right to make decisions regarding the appropriate amount and type of capacity needed.

Additionally, the Arkansas Public Service Commission continues to be interested in potential federal legislation which would amend the Public Utility Holding Company Act to allow a specified percentage of holding company assets to be invested in diversified ventures. Enhanced non-regulated earnings which accrue to the stockholders could have some residual benefit to ratepayers through reductions in a utility's cost of capital. However, our concern is that the lack of protection from the attached risks of diversification could outweigh the potential gains.

NATIONAL GOVERNORS' ASSOCIATION DISCUSSION DRAFT NATIONAL ENERGY POLICY

The National Governors' Association proposes to develop a comprehensive, coherent, and productive national energy policy. The policy will recognize important relationships that exist between energy and the areas of national security, the environment, economic development, and other social issues.

In addition, the policy will address the danger of excessive reliance on imported energy and the need to fully utilize this Nation's domestic energy resources. The Governors have called for development of additional domestic energy supplies, energy conservation, and imported energy efficiency.

The Commission has provided the Governor with information and an analysis of the impact of the proposed policies on Arkansas' utilities and ratepayers.

ALTERNATIVE FORMS OF REGULATION

The Staff evaluated a number of alternative regulatory forms which are in place or which have been adopted by other regulatory bodies. A report presenting the results of the evaluation was prepared and distributed.

Section 14. Other Commission Activities

RELAY SERVICES FOR THE HEARING AND SPEECH IMPAIRED

The Congress is evaluating legislation which would mandate nationwide telecommunications relay services for the hearing and speech impaired. Staff is monitoring the legislative activities to ensure that states rights are not preempted and that compatible interstate and intrastate standards are developed.

CIRCLE CALLING PLANS

A draft proposal from the Staff for introducing statewide optional circle calling was submitted to the local exchange carriers. The proposal will require local exchange companies to provide, at the customer's option, discounted long distance service within the State.

410(c) FEDERAL STATE JOINT BOARD (CC Docket 80-286)

An APSC Staff member began working with the 410(c) Federal/State Joint Board Staff in 1989. The Joint Board was established to evaluate and recommend changes to FCC separation rules which affect the allocation of companies costs between the interstate and intrastate jurisdictions.

410(b) FEDERAL STATE JOINT CONFERENCE ON ONA

A member of the Staff works with the 410(b) Federal/State Joint Conference Staff. This Joint Conference has established numerous issues associated with the introduction of the FCC's policies for ONA. These issues include the impact of ONA on jurisdictional cost allocations, tariffing, and jurisdictional issues.

SOUTHWESTERN BELL REGIONAL REGULATORY GROUP

The Staff was instrumental in organizing and developing the Southwestern Bell Regional Regulatory Group. The group was formed to discuss communications issues common to regulators from Missouri, Texas, Oklahoma, and Kansas. The goal has been to encourage productive dialogue with Southwestern Bell on a number of issues, including ONA.

LINK UP AMERICA ASSISTANCE PROGRAM

Docket No. 87-144-U was established before this Commission to implement the Link-Up America Assistance Program. The Docket has been closed but the Commission continues to administer the program on a daily basis.

Section 14. Other Commission Activities

RULES REVISIONS

During 1989, the Staff continued its review of all General Service Rules and the Special Rules for each industry group in an effort to correct problems in organization, consistency, language, and guidelines. The result will be a complete reorganization and many substantive revisions to the General Service Rules.

The proposed revisions are now under management review. On management approval, comments will be invited and a formal proceeding initiated. The project is anticipated to require an allocation of resources through 1990.

During 1989, Staff also initiated and concluded Docket No. 89-034-R, in which amendments and additions were made to the Arkansas Gas Pipeline Safety Code.

Those amendments reflected recent changes to the Federal Pipeline Safety Code, as required by Ark. Code Ann.; Section 23-15-205(d). The most significant change adopted was a new section covering random drug testing for certain operators of pipeline facilities.

Other rules Dockets concerned competitive telecommunications carrier rules, minimum filing requirements for all utilities, reduced minimum filing requirements for small telephone companies, and the One Call Center.

FERC AUDIT OF OKLAHOMA GAS AND ELECTRIC COMPANY

The Federal Energy Regulatory Commission performed a compliance audit of Oklahoma Gas and Electric Company (OG&E) for the period 1984-1988. Staff responded to requests from FERC auditors for an analysis of the rate and accounting effects of OG&E Dockets before the APSC during the audit period and for information regarding OG&E's Arkansas retail fuel adjustment rider and related costs. Staff members visited OG&E to discuss FERC's preliminary findings and submitted written comments to FERC regarding the audit recommendations.

FERC AUDIT OF ARKANSAS POWER & LIGHT COMPANY

Staff responded to a questionnaire concerning the FERC's current audit of Arkansas Power and Light Company.

AP&L'S "TEST BURN" OF LIGNITE COAL

By 1990, Arkansas law requires AP&L to burn up to 10% of Arkansas coal/lignite in their generating plants if economically feasible. AP&L has conducted tests at White Bluff Steam Station to see if burning the lignite will be economical.

Studies conducted in conjunction with the test burns determined that it is not economical under current market conditions for AP&L to burn lignite. Feasibility will be reevaluated in 1994.

Section 15. National Regulatory Organization Participation

National Association of Regulatory Utility Commissioners

The National Association of Regulatory Utility Commissioners (NARUC) is a quasi-governmental non-profit corporation founded in 1889. NARUC membership is composed of the governmental agencies of the fifty states and the District of Columbia, Puerto Rico, the Virgin Islands, and 10 federal commissions. NARUC's objective is to improve the quality and effectiveness of public regulation of utilities and carriers.

NARUC operates through committees and subcommittees. Those groups advance regulation through study and discussion of the operation and supervision of public utilities and carriers. Through promoting coordinated action by the commissions, the organization serves to protect the public interest.

NARUC has numerous subcommittees which are composed primarily of staff members of the various state commissions. In addition, there are an Executive Committee and standing committees on Administration, Communications, Electricity, Energy Conservation, Finance and Technology, Gas, Transportation, and Water. Appointments to both committees and subcommittees are made by the President of NARUC.

The Arkansas Public Service Commission is currently represented by the following committee and subcommittee assignments:

- Patricia S. Qualls - Executive Committee
- Julius D. Kearney - Committee on Gas
- Patricia S. Qualls - Committee on Electricity
- Sam Bratton - Committee on Finance & Technology
- David Slaton - Subcommittee on Administrative Law Judges
- Sarah M. Bradshaw - Subcommittee on Law
- Jerrell L. Clark - Subcommittee on Executive Directors
- Lou Ann Westerfield - Subcommittee on Electricity
- Mary Rusk - Subcommittee on Computers
- Gail Jones - Subcommittee on Gas
- David Lewis - Subcommittee on Gas
- Donna Gray - Subcommittee on Management Analysis
- Russell D. Widmer - Subcommittee on Accounts
- Walter Nixon - Subcommittee on Energy Conservation
- Samuel Loudenslager - Subcommittee on Communications
- Patricia S. Qualls - Subcommittee on Nuclear Issues - Waste Disposal

Section 16. Receipts & Disbursements

Receipts

Utility Assessments	$4,286,612.00
Pipeline Safety Assessments	272,709.00
Annual Filing Fees	340.00
Other Filing Fees	2,767.50
Miscellaneous Fees	8,619.61
Security Approval Fees	3,275.00
Federal Reimbursement	66,674.27
Non-Revenue	36,024.39
Refund to Expenditure - Current Year	24,050.64
Total Receipts	$4,701,072.41
Less 1.5% Treasury Fees	(68,614.85)
Net Deposit	$4,632,457.56

Disbursements

Regular Salaries	2,878,545.45
Extra Help	1,630.88
Group Insurance	94,161.25
Retirement	189,156.26
Federal Ins. Contr.	213,526.74
Career Recognition Payment	3,100.00
Postage	20,582.00
Telephone	9,293.80
Freight	321.75
Bank Charges	20.00

Section 16. Receipts & Disbursements

Printing by Private Vendors	1,953.25
Printing by DO C	1,616.46
Printing by DFA Quick Copy	2,024.40
Advertising & Clipping Service	5,036.07
Film Processing	43.18
Building Maintenance	876.49
Furniture & Equipment Maintenance	48,177.76
Pub. Safety Equipment Maintenance	19.69
Vehicle Maintenance	6,060.44
Special Research Equipment Maintenance	37.59
DP Maintenance	39,722.32
Rent of Office Space	125,964.00
Rent of Furniture & Equipment	28,100.06
Rent of Copiers	989.37
Rent of Postage Meters	344.94
Repair of Postage Equipment	163.80
Rent of DP Equipment	68.90
Rent of Transportation Equipment	194.90
Other Rental	738.50
Meals & Lodging O. B. Intra.	13,622.26
Meals & Lodging Education.	132.52
Meals & Lodging O. B. Inter.	42,157.97
Meals & Lodging Education	18,577.14
Meals & Lodging Conference	5,838.69
Mileage Off. Bus. Intra.	299.68
Mileage Off. Bus. Inter.	291.86
Mileage Education & Training	473.09
Mileage Conf.	184.97
Common Carrier Off. Bus. Inter.	29,882.18
Common Carrier Education	8,522.15
Common Carrier Conf.	1,499.91

Section 16. Receipts & Disbursements

Intra Reim Meals & Lodging	583.80
Mileage	48.76
Common Carrier	1,233.00
Inter Reim Meals & Lodging	15,518.96
Interstate Mileage	522.00
Interstate Common Carrier	9,734.02
Intrastate Off. Bus.	53.92
Intrastate Education & Training	311.00
Interstate Off. Bus.	311.04
Interstate Education	132.86
Intrastate Conf.	267.00
Administration Fees & Services	24,821.11
DP by State Agency (not DCS)	1,873.63
Other Administrative Fees	744.00
Legal Fees	96,618.57
Legal Fees Reimbursable Exp.	16,865.15
Other Legal Fees.	35.00
Courier Services	1,847.95
Security Services	475.65
Vehicle Insurance	3,150.00
Building & Contents Insurance	3,219.00
DP Service Center Services	72.26
Centrex	79,032.14
M & R Service Fee	10.00
Intrastate Off. Bus.	310.00
Intrastate Educational	4,754.00
Intrastate Conf.	610.00
Interstate Off. Bus.	2,840.00
Interstate Education	15,533.00
Interstate Conf.	1,655.00
Association Dues	27,511.57

Section 16. Receipts & Disbursements

Contract Labor	3,371.77
Vehicle License	197.50
Credit Card Purchases	4,731.34
Stationery & Office Supplies	42,830.01
Non Expendable Off. Supplies	130.00
Subscriptions & Publications	53,188.30
Food Stuffs	183.07
Kitchen/Janitor Supplies	22.52
DP Supplies	6,168.99
Purchase of DP Software	15,612.93
Sales & Use Tax	3,422.00
State Withholding	1,683.44
Workers Compensation Tax	2,997.95
Total Operating Expenses	$4,239,186.88
Capital Expenditures	
Office Machines	11,548.15
Office Furniture	8,421.68
Photographic Equipment	141.62
Data Processing Equipment	100,150.72
Shop Machinery & Tools	295.76
Engineering Equipment	222.60
Total Capital Expenditures	$120,780.53
Total Disbursements	$4,359,967.41
Deposits Over Disbursements	$272,490.15